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Economic Affairs

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CONTENTS

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NATIONAL ECONOMY

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Commission Will Review Alternate Reform Variants	1
Scope of Commission's Work	
[Yu. Popov, L. Chernenko; <i>PRAVITELSTVENNIY VESTNIK</i> No 31, Jul 90]	1
Aganbegyan on Search for Comprehensive Program	
[A. Aganbegyan; <i>PRAVITELSTVENNIY VESTNIK</i> No 31, Jul 90]	3
Selyunin Analyzes Opposition to Market Reforms [V. Selyunin; <i>ZNAMYA</i> No 6, Jun 90]	6
Ultra-Right Opposition to Market Reforms Examined	
[Yu. Rytov; <i>PRAVITELSTVENNIY VESTNIK</i> No 30, Jul 90]	16

INVESTMENT, PRICES, BUDGET, FINANCE

Bank Official Sees Improvement in Financial Situation	
[A. Voylukov; <i>EKONOMIKA I ZHIZN</i> No 28, Jul 90]	19

REGIONAL DEVELOPMENT

ESSR Government Protests Creation of Intersectoral Association	
[E. Savisaar; <i>SOVETSKAYA ESTONIYA</i> , 19 Jul 90]	21
Uzbek Chairman Discusses Need for New Economic Relations With Center	
[Sh.R. Mirsaidov; <i>EKONOMIKA I ZHIZN</i> No 5, May 90]	23
Armenian Commission for Economic Reform Created [KOMMUNIST, 18 May 90]	32

RESOURCE UTILIZATION SUPPLY

Potential for More Effective Use of Metal in UkSSR Industries Analyzed	
[A. Kozenko; <i>EKONOMIKA SOVETSKOY UKRAYNY</i> No 5, May 90]	33

AGRICULTURE

AGRO-ECONOMICS, POLICY, ORGANIZATION

Supreme Soviet Committee Chairman Veprev Interviewed on Agricultural Development	
[A.F. Veprev; <i>ZEMLYA SIBIRSKAYA, DALNEVOSTOCHNAYA</i> No 5, May 90]	39

MAJOR CROP PROGRESS, WEATHER REPORTS

Measures Being Taken to Improve Harvesting Situation	45
Ministers Describe, Quantify Problems [D. Valovoy; <i>PRAVDA</i> , 4 Aug 90]	45
Council of Ministers Discusses Aid Measures [V. Shchurov; <i>TRUD</i> , 3 Aug 90]	46
Steps To Gather Abundant Harvest [A. Krotkov; <i>RABOCHAYA TRIBUNA</i> , 3 Aug 90]	47
Rail Transport Measures, Problems [S. Zhuzhgin; <i>GUDOK</i> , 7 Aug 90]	48
Fuel, Transport Problems Hamper Harvest Efforts	48
Fuel, Vehicle Availability [IZVESTIYA, 3 Jul 90]	48
Lack of Fuel [V. Konovalov, A. Savirov; <i>IZVESTIYA</i> , 5 Jul 90]	49
Roads Pose Problems [V. Parfenov; <i>PRAVDA</i> , 6 Jul 90]	50
Military, Agriculture Clash Over Manpower	51
General Staff Member Interviewed [A. Voronetskiy; <i>SELSKAYA ZHIZN</i> , 28 Jul 90]	51
Stavropol Manpower Problems [M. Melnikov; <i>TRUD</i> , 18 Jul 90]	53
Refusals in Rostov Oblast [V. Ogurtsev; <i>SOVETSKAYA ROSSIYA</i> , 27 Jul 90]	54
Supply, Support Problems Hamper RSFSR Harvest Efforts	54

Barter Is Primitive [V. Mikhaylov; SOVETSKAYA ROSSIYA, 30 Jun 90]	54
Problems In Orenburg Oblast [A. Klimenko; PRAVDA, 12 Jul 90]	56

LIVESTOCK AND FEED PROCUREMENT

Forage Harvest Progress In July Reported	57
Early July Progress, Equipment Status [Ye. Grigoryev; PRAVDA, 8 Jul 90]	57
RSFSR Situation Reviewed [A. Troitskiy; SOVETSKAYA ROSSIYA, 30 Jul 90]	58
Mid-July Status Note [N. Osyckin; SELSKAYA ZHIZN, 21 Jul 90]	59

CONSUMER GOODS, DOMESTIC TRADE

POLICY, ORGANIZATION

Unsatisfactory Development Bedevils Consumer Goods, Food Sectors [Yu. Gryzanov; SOVETSKAYA TORGOVLYA, 21 Jul 90]	60
Distribution Methods Compatible with Market Economy Proposed [M. Krushinskiy; IZVESTIYA, 16 Jul 90]	61
ESSR, Leningrad Authorities Ignore Goskomtsen Price Directives [A. Komin; PRAVDA, 16 Jul 90]	63

GOODS PRODUCTION, DISTRIBUTION

Goskomstat Reports Data On Consumer Market, Services [SOVETSKAYA TORGOVLYA, 7 Jul 90]	64
--	----

HOUSING, PERSONAL SERVICES

Goskomstat Data Show Less Housing Construction in First 3 Months [V. Golovachev; EKONOMIKA I ZHIZN No 3, Jul 90]	65
---	----

ENERGY

FUELS

New 'Gazprom' Concern Management, Structure Outlined [R. I. Vyakhirev; GAZOVAYA PROMYSHLENNOST No 6, Jun 90]	67
---	----

ELECTRIC POWER GENERATION

New Chernobyl Disaster Investigation Begun [I. Baranovskiy; RABOCHAYA TRIBUNA, 21 Jun 90]	69
1989 Electric-Power Production Performance Reviewed [V. Ye. Denisov; ELEKTRICHESKIYE STANTSII No 7, Jul 90]	70

LABOR

AUCCTU Secretary Answers Workers' Questions on Unemployment, Unions [V.M. Mishin, TRUD, 2 Aug 90]	75
Asian Republics, Other Unemployment Claims Refuted [V. Potapov; TRUD, 1 Aug 90]	78

TRANSPORTATION

RAIL SYSTEMS

Half-Year Rail Performance Statistics Issued [GUDOK, 26 Jul 90]	81
KGB Report on 20 July Railcar Explosion [O. Chepyakov, Yu. Strashchenko; RABOCHAYA TRIBUNA, 8 Aug 90]	84

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Commission Will Review Alternate Reform Variants

Scope of Commission's Work

904A0536A Moscow PRAVITELSTVENNYY VESTNIK
in Russian No 31, Jul 90 p 3

[Article by Yu. Popov and L. Chernenko: "Variants Are Possible: The Work of a Commission Examining Alternative Plans for Transition to a Market Economy Is Described"]

[Text] The commission needs to submit its report to the government by as early as 15 August. "As always, the deadline is unscientific and unjustified," noted Academician A. Aganbegyan. But the situation in the economy and in the society is such that we are not allowed any more time to make fundamental decisions. We must act, and not talk. As they say, one practical step is more important today than a dozen programs. It is with the understanding that their recommendations will be adopted for action, rather than being lost in further endless discussion, that the commission members are working.

Just the creation itself of such a commission at the initiative of the USSR Council of Ministers is a remarkable phenomenon. It is a typical trait of the new work style of the government, which is now entering into direct dialogue with its opponents, and encouraging ever wider cooperation of public organizations and science. For example back in January 1989 the government examined a report of the Economics Institute of the USSR Academy of Sciences "Proposals for Improving the Economic Reform Being Conducted in the Country." Members of the Presidium of the USSR Council of Ministers, ministers and prominent economic scientists took part in the discussion. A wide spectrum of ideas was presented and presence of different approaches and points of view was revealed in this meeting.

An all-union scientific-practical conference on the problems of radical reform, conducted with the government's participation, became an important stage in the development of an integral conception. And in November 1989 a draft of the conception for further deepening of the economic reform was discussed during a meeting of the Presidium of the USSR Council of Ministers. Here as well the government examined three alternatives for the variants of its development. Finalization of the conception for the transition to a regulated market economy was preceded by a meeting in the USSR Council of Ministers with the country's leading economic scientists in early April of this year. The next step was the creation of the commission to examine alternative variants of the transition to a market economy. In a word, it may be said that reliance upon the scientific community in adopting the most important state decisions is now part of the practical work of the USSR government.

The USSR Council of Ministers has a close relationship to science. It must be said here that its own scientific potential is rather substantial as well—the members of the government include three academicians and three corresponding members of the USSR Academy of Sciences, and 14 doctors and six candidates of sciences, while the government apparatus employs 35 doctors and 232 candidates of sciences. This is why scientific conceptualization of practical experience and its analysis and prediction occupy an important place in activities of the USSR Council of Ministers and its apparatus. This means that members of the commission currently preparing conclusions on alternative variants and their own proposals can count on an interested, professional approach on the part of their "clients."

This interest is very important. Some scientists and the press, you see, are now asking, and with good reason: What are the guarantees that the work of the commission will not go in vain, that the most important proposals will be considered?

We feel that USSR People's Deputy N. Shmelev, department director of the Institute of the USA and Canada of the USSR Academy of Sciences, answered this question well: "The situation that has evolved in the country can serve as the guarantee. The situation is so dramatic that I can't imagine our government allowing itself to ignore anything reasonable that might be proposed to it."

He was seconded by B. Milner, first deputy director of the Economics Institute of the USSR Academy of Sciences: "It seems to me that the fact itself that a government commission has been created out of people who do not accept parts of the government program or reject it entirely attests to the fact that the government needs its materials. Were such a commission to be created by the public in order to prepare a variant as a counterweight to a government program, we might have had cause to claim the existence of some sort of confrontation, opposition. But our impression is that the government needs the results of the commission's work, that it wants to look at different variants of the solutions to particular problems. Moreover the materials we prepared will become property of the public, which is another channel of influence on the decision making process."

It should also be emphasized that the commission was created not to criticize the government conception, which does of course have its weak sides, but primarily in order to focus on the positive proposals and create a kind of synthetic product that would take in all of the well conceived, reasonably justified points from the government program, and everything that is productive in other variants. These variants provide a possibility for improving the government program. And this chance must be utilized in order to switch to a market economy faster and at less cost.

In a word, the commission faces an extremely complex task, which it must carry out within an extremely short time. And it must be clearly understood that its creation

was not just simply a gesture: It is part of the policy line being pursued by the government. This is not just another ordinary commission. An independent state commission bringing together USSR people's deputies and representatives of science, production and a number of departments was created. Moreover the majority of them hold differing positions and views. And the work itself of the commission, its path from differing positions to consensus, is essentially a model of acquisition of the public agreement we need so much today.

Reaching agreement is a hard thing to do. The first meeting of the commission proved this to be true. There was an exchange of opinions, and each person offered his conclusions. Of course, every detail is important in the mechanism of transition to a market economy. But in its work the commission focused on principles having not only economic and social but also political significance. But even here, in determining the key problems, the spectrum of opinions is rather wide. Let's listen to the commission members.

V. Tikhonov, USSR people's deputy, academician of the All-Union Agricultural Academy imeni V. I. Lenin: "Our starting point must be that creating a free enterprise system is the basic content of the economic reform. What do we mean by free enterprise? We need to formulate this definition, and indicate what must be done in order to remove all barriers and to bring down monopolism."

S. Lushin, director, Financial Institute of the USSR Ministry of Finances: "It seems to me that a new economic mechanism must lie at the center of our attention. Without it, the market will not begin working. External injections will not place it in motion. We must be able to feed ourselves. And only our own economic mechanism can save us here. If we are unable to put it to work, we will also be unable to solve the consumer market problem."

But most commission members agreed that normalizing the consumer market must be the cornerstone problem. It is precisely about it that the principal alternatives revolve. The people, you see, are not especially concerned, for example, with a securities market and with other market attributes. They are troubled by the empty shelves in our stores. And therefore the central issue in the transition to a market economy is that of the ways of forming a normal consumer market.

Why do we need a market at all? Primarily in order to be able to switch to an economic system in which the producer would work in behalf of the consumer. And there is no instrument other than a market which could subordinate the economic mechanism to the needs of the people. Only through a market can the economy and production begin working in behalf of the people. And the moment we make people the most important thing,

we must also carefully weigh all possible social consequences of a transition to a market. Predicting these consequences is one of the commission's important tasks.

The question as to the rate at which the authoritarian administrative mechanism is dismantled is also important on the path to the market. It was noted that this issue is not approached decisively enough in the government's conception, that the dismantling could proceed faster, such as to take not years, but months.

At the same time, knowing the situation locally, in the labor collectives, commission members representing the producers were more cautious. They discussed the need for dramatically reinforcing executive and legal discipline in the national economy. After all, production is declining, economic ties are being torn, and control is being lost.

A. Tizyakov, general director of the Sverdlovsk Mashinostroitelnyy Zavod imeni M. I. Kalinina Scientific-Production Association, and chairman of an association of state enterprises and associations: "The transition to a market must be preceded by the economy's stabilization. We need to restore disrupted economic ties, even by using directive methods."

A. Nikitin, enterprise director: "Producers expect that certain directive levers which, when used, would not allow the labor collectives to fall apart, will also be retained for the period of transition."

And all of these ideas are being examined by the commission unprejudiciously and scrupulously, so that the most carefully balanced variant could be found.

But will even a strictly dosed application of authoritarian administrative methods save us today?

This is a deeper question—one concerning the kind of structure and mechanism of executive power that is to operate in the country during the transitional period. B. Milner expressed an interesting position on this account: "We must consider that the West formed its market economy from bottom up, while we are forming it from top down. The question of changing the prerogative of executive power in the country arises in this connection. We are still trying to conduct the reform with old levers. But this allows those who oppose the concept to come up with new ideas. This is why forming business subjects of a new type and creating a market infrastructure is one of the most immediate measures. If we lack these channels through which market relations must operate, everything will fail.

"Many of the state concerns presently being created are essentially nothing more than retouched ministries. This does not solve the problem. What we need today in place of ministries is privatization committees, which could form the subjects of business of the new type. Commissions working on these problems could be created under local soviets, under the supreme soviets of the union

republics, and in the country's Supreme Soviet. In a word, the structure and mechanism of executive power in the period of transition to the market is an issue of great political significance."

Also of important political significance is the question as to how to reconcile the different positions of the union republics in regard to the transition to a market economy. The commission turned to the governments of all union republics with a request to send it their conceptions which they were currently working on or which had already been submitted to legislative organs. A trend toward creating independent markets has revealed itself in some of the republics, although world experience argues in favor of the advantages of one large market.

A. Makovskiy, deputy director of the All-Union Scientific Research Institute of Soviet State Development and Legislation: "The recommendations we are currently preparing must be acceptable to all of the republics. The relationship between the union and republic markets is an important issue. And in this matter, the desire of some republics to gain independence is detrimental to the entire movement toward market relations."

N. Shmelev: "Nonetheless, I am hopeful that common sense will triumph. The laws of the marketplace are practically constant, after all, though of course with variations unique to particular regions. But in principle, everything should go in approximately the same direction. What we have are not six variants, or three, or two. There is but one: working toward a common, healthy, viable market, toward healthy money, toward healthy finances. I think that we will be able to reach agreement."

Yes, a market economy is based on common principles in the state as a whole, although there are unique features pertaining to individual republics. Of course, not all decisions from A to Z have to be made at the union level. This is why the commission introduced a special section in its report, in which it attempted to answer the question as to what decisions need to be made at the union level, and what decisions need to be made at the republic level. Here again, the main thing is consensus, agreement.

There was one other important idea stated at the commission meeting. It essentially suggested that the government must possess all of the authority for economic transformations—both popular and unpopular. If we had to go to the Supreme Soviet for resolution of each issue, there would be delays in implementing extremely necessary measures. The more efficient path would be to implement a number of the necessary measures by way of presidential ukases and government decrees. This is in the interests of the fastest possible formation and activation of the market mechanism.

Aganbegyan on Search for Comprehensive Program

904A0536B Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 31, Jul 90 p 4

[Interview with Academician Abel Gezevich Aganbegyan by Yu. Popov and L. Chernenko]

[Text] And now let's let Academician A. Aganbegyan, the commission chairman, talk.

[PRAVITELSTVENNYY VESTNIK] Abel Gezevich! Our readers are interested in knowing what sort of materials the commission is working with.

[Aganbegyan] There are proposals aplenty. In the press, in letters. But only a few alternative variants claiming to be comprehensive. There are a rather large number of developments pertaining to individual problems—the ruble's convertibility for example. For the moment we have accepted for examination 21 proposals specially submitted to our commission. But the number of these proposals is still apparently growing.

Let me try to classify the materials that have been submitted. The first group consists of variants of non-market development based on preserving the old administrative system, in which the market plays a secondary role, and the principal resources are the object of administrative planning of centralized distribution. These include, for example, proposals by A. Sergeyev and some others.

The second group consists of variants foreseeing an immediate transition to a free market, abolition of all state interference, and practical withdrawal of the state from the economic arena.

The third group consists of mixed proposals.

Among the major variants, mention can be made of a project known as "Five Hundred Days" prepared for the Russian Council of Ministers. It has already made its impact in one form or another at meetings of the RSFSR Supreme Soviet. Another "Russian" variant was developed by the Scientific Research Institute of Economics of the USSR Ministry of the Aviation Industry. The Scientific Research Economics Institute of the USSR Gosplan [State Planning Committee] submitted its own proposal.

There are a rather large number of proposals on convertibility of the ruble. Several variants were submitted by people's deputies on their own. There is a proposal concerning convertibility of money developed under the guidance of Professor V. Belkin. S. Dzarasov's proposal "The Path to an Open Market Economy" places its hopes mainly on the foreign economic factor. An interesting variant was submitted by the Volga Motor Vehicle Plant: The basic stages of a transition to a market economy are spelled out in it. There are a rather large

number of letters from individual specialists and scientists. But they all bear the nature of concrete proposals on concrete issues.

[PRAVITELSTVENNYY VESTNIK] What in your opinion is the scientific and professional level of the materials submitted to the commission?

[Aganbegyan] The professional level of the alternative variants and proposals that have been submitted varies considerably. They all suffer in the almost total absence of any kind of calculations, and quantitative and other evaluations. But for the most part the authors of the proposals are professionals who could always be asked to do the computations. We are trying to look at each proposal unprejudicially, and find a grain of rationality in each one: Their authors were motivated, after all, by noble sentiments, and they cannot be suspected of self-interest.

All in all, the materials submitted to the commission provide many new ideas and principles, and were we to collect, classify, calculate and take all of them to their logical conclusion, we could arrive at some useful recommendations.

[PRAVITELSTVENNYY VESTNIK] What was the result of the first commission meeting? In what way is it going to organize its work?

[Aganbegyan] Together we clarified our objectives and tried to isolate and rank the key problems. Transition to a market economy, you see, requires solution of an entire system of problems. But there are among them those which are more significant and those which are less important. We "ordered" them in a logical sequence, so that when we studied the variants we could base ourselves on some kind of priorities and look at everything from a certain point of view. We isolated 13 key problems in relation to which we have to generalize the materials available to us. Among them are immediate measures to stabilize the economy, problems of normalizing the consumer market, creation of an enterprise system in the country, and the problems of state regulation of the economy in the new conditions with regard for abolition of the administrative system.

The group that will deal with the problems associated with price setting reform has a difficult task. We will also look at the painful questions of the agrarian sector, at the ways of restructuring foreign economic ties, and at the problem of the ruble's convertibility. We will thoroughly analyze the socioeconomic consequences of a transition to a market economy, and the economic problems associated with interaction between the Union and the republics.

We will also carry out a complex of calculations. That is, we will supply practically every proposal with calculations, justifications and arguments.

The groups we created must take two weeks to thoroughly study the materials, make conclusions on them

and prepare their proposals. On 6 August we will examine them at a commission meeting. After that we will create a composite commission which will prepare an overall report. It will be discussed at our final meeting, and then it will be submitted to the government by 15 August.

We are prepared to inform the mass media and the public in all stages: We are not making any secret of our work.

[PRAVITELSTVENNYY VESTNIK] The commission is staffed by people with different positions, and ones critical of the government program. How under these conditions can the work be constructive?

[Aganbegyan] As the chairman, I try to persuade my associates that we need to surmount our prejudices. Anyone in our commission can say anything he wants. This is of course hard to understand by those who do not wish to listen to something that differs from their own position. But everyone knows that we will have to work together, and seek compromise solutions. Meaning that it cannot be said that everyone on the commission thinks the same way.

But this also perhaps has a positive side. We will listen to different points of view, and we will assess the prospects more thoroughly. The possibility is not excluded that we will propose two or three variants of the solution to some problems, clearly indicating the advantages and shortcomings of each. And then, when people with mutually exclusive positions sit down side by side and begin to work, examine the concrete issues and analyze the data, much in their positions will turn out to be in agreement. That is, we must not assume that people who think differently should necessarily reject each other's positions.

Let's consider what will come of it all. I am also trying to persuade the commission members that our objective is not in criticizing the government program. It is of course easy to criticize. But in critically assessing the program, we must find constructive solutions, and arrive at recommendations. And here again we will not resort to any secret plotting—we will make clear what we really think. You see, we are a totally independent commission. But of course, it is important to try to objectively assess the situation, within the limits of our knowledge and abilities.

And then our report will be evaluated by the government. Concurrently we will acquaint the public and the mass media with our work, and describe our most significant proposals. I can say in anticipation that in regard to many positions they will diverge fundamentally from the approaches in the government's program. But I think that the government is itself prepared to make adjustments in its program as well.

[PRAVITELSTVENNYY VESTNIK] What general approaches have materialized among the commission

members in regard to the key issues concerned with transition to market relations?

[Aganbegyan] A new, unique approach can already be discerned in our commission toward normalizing the consumer market—and this is a fundamental issue. Do we begin the reform with a review of retail prices, how do we carry it out, what measures do we implement to balance money against the supply of goods, how do we stimulate their production, and how do we best attract foreign capital? Different approaches exist in relation to all of these problems.

Or take for example the matter of reducing the budget deficit. If it is not radically reduced, the enormous quantity of surplus money would paralyze the entire economy. Unless we place our finances in order, we will be unable to make any kind of transition to a market economy. We are trying to offer specific proposals on all of these issues, backed by numbers and substantiations.

Problems concerned with interaction between the Union and the republics, which are not addressed in the government's program, also appear in a totally different light today. A common market could exist in the country if the same business conditions are adopted throughout the country, if the rules that have to be followed by the merchant and the customer are the same, and if responsibility is the same. On the other hand if every republic introduces its own rules of operation in the market, and introduces its own market system, this could lead to disintegration of the all-union market, which harbors negative consequences, especially in regard to such an interwoven economy as ours.

Therefore in the time of transition to the market, we need to clearly delineate the role of the Union and the republics. To think that the market could be managed over our entire territory by decree from above would be unrealistic. We need to delineate the rights and responsibilities, and think out Union measures which would be acceptable to the republics.

In a word, we have some things to work on, and we have many issues in relation to which we intend to submit serious proposals. A commission such as ours was not created to make cosmetic changes in some proposals. The people it has brought together would not agree to such a thing.

[PRAVITELSTVENNYY VESTNIK] In relation to what problems do commission members and the authors of alternative variants disagree fundamentally with the government's program?

[Aganbegyan] There are enough such points of disagreement. Take for example the economic mechanism of the agroindustrial complex. You might remember that for practical purposes the government program retains quotas and state prices, and that it does not resolve the issues of subsidized sovkhoses and kolkhozes, development of family forms of labor, granting land to laborers,

and a number of others. Our proposals concerning development of the economic reform in agriculture are completely different.

There are also disagreements in views on development of foreign economic ties. Positions in the matter of the ruble's convertibility differ; in this case some commission members favor introducing a second currency into the USSR, one which in contrast to today's ruble would be convertible.

There are significant changes, proposals and additions pertaining to regulation of finances and credit and to the tax system. There are proposals having to do with the rate of the reform and the sequence in which the measures are implemented. There are also different views on the nature of the immediate measures directed at stabilizing the current situation. And so on, practically with all issues.

[PRAVITELSTVENNYY VESTNIK] Judging from the range of problems which you'll be examining in the commission, and considering its high scientific potential, not only certain recommendations but also an entire alternative conception might come into being as a result of its work, even over such a short period of time. Is this an objective of yours?

[Aganbegyan] It is not the commission's objective to develop a new comprehensive program in opposition to the government's conception. Each of us does of course have his own experience and opinions. And I don't exclude the possibility that after our work is finished, some group or other may make an attempt to bring all these recommendations together into a comprehensive program. But this is hardly within the means of a small collective.

Therefore we are concentrating only on some key recommendations. Of course, we will base ourselves on certain conceptual premises in this case.

The fact is that the attitude of many toward the government program is contradictory. It contains very many reasonable proposals and developments. It is an integrated program. Currently we do not have any such programs at all. This is of course the first experience in preparing such an elaborate, far-reaching conception. At the same time it also requires significant changes and additions. And we believe it to be our objective to present our recommendations to the government on this account.

We need to seek consensus. We can switch to a market economy if all of the principal social forces of the country combine their efforts. But if one republic is going to organize its market on the basis of one model, and a neighboring republic is going to do so on the basis of another, this could distract us, and sharply worsen the economic situation. For example assume that one republic creates a money market while another does not, or that one issues securities and creates a stock exchange, while another doesn't even give any thought to doing so.

We will never arrive at a market economy in this way. And therefore we will seek proposals which might satisfy the requirement of reconciling the interests of the Union and the republics. Though of course it is impossible to satisfy everyone, and our proposals will probably have their opponents. We know right from the start that we will not earn any praises for our work, and that whatever we come up with, we will be booed, either from the left or from the right.

To conclude, I would like to emphasize that our commission is not the only body studying alternative variants. The government itself is constantly analyzing new proposals, and it is making its own program more specific.

I am far from the idea that the government wants to keep all of its initial program unchanged. It is probably ready to make major changes and additions. And we, being an independent commission, will try to independently assess the specific proposals. Meaning that some of our ideas may agree or converge, while some things might be new elements, others might be adopted by the government, and still others won't be accepted for fundamental reasons.

I do not bear the illusion that everything will enter the government program in precisely the form in which we write it. The government probably has its own position in relation to many of the issues.

But what we have here is a process of evolution. And this is natural, since after all, the situation is changing, and our understanding of the problems is changing. Positions are converging as well. And our commission sees achieving such convergence and reaching public agreement in regard to decisions of the greatest importance to the country as its objective.

Selyunin Analyzes Opposition to Market Reforms

904A0501A Moscow ZNAMYA in Russian No 6, Jun 90 pp 193-205

[Article by V. Selyunin: "The Market: Chimeras and Reality"]

[Text] As is well-known, scientific issues are not decided by a vote. They are decided in rallies. There is evidence of this in the events surrounding the recent All-Union Scientific-Practical Conference on the Issues of the Economic Reform. Picketers organized by the United Workers Front [OFT] were lined up near the Hall of Columns, where the conference was being held. Many of us managed to read on our television screens slogans advanced by the picketers: "Stop Abalkanization of the Country!" "Measure Seven Times, But Do Not Believe Shmelev!" "Socialism and Private Ownership Are Incompatible!" "Western-Oriented Economists! Russia Is Not a Testing Ground for Your Experiments!" "The Homeland Is Not for Sale!"

Nor were these the principal slogans. Anatoliy Salutskiy, chronicler of the OFT (he made his reputation by finding the true cause of the death of the Russian village—it turns out that the rural sociologist T.I. Zaslavskaya killed it), relates: "But the picketers' main demand was that the conference turn over the floor to Professor Sergeyev—the leading economist of the real school" (LITERATURNAYA ROSSIYA, No 49, 1989). What kind of school is this? A. Salutskiy explains: "At this point, two strong currents have taken shape in economic science.... One school might be called the academy school, since it consists mainly of specialists from the institutes of the academy and it is consolidated around the academy's journal VOPROSY EKONOMIKI. The other school is represented by economists of the so-called real school, which is mainly the scientific community of the VUZ's and universities. The 'realists' are rallied around the scientific-theoretical journal EKONOMICHESKIYE NAUKI. Whereas the academy school hovers somewhere close to the upper reaches of power, exerting an extremely strong influence on the shaping of the economic policy of perestroika, their opponents have no access to the main sources of glasnost and are isolated from the circle of economic advisers of the government."

The author lists the advocates of the first school by name: L. Abalkin, G. Popov, P. Bunich, A. Aganbegyan, N. Shmelev, T. Zaslavskaya, G. Lisichkin, and N. Petrakov. What of it, these are respected names, they have a solid reputation. However much the economic outlooks of these people might differ, they are all in favor of thoroughgoing economic reforms. Actually, they are not simply in favor—they were preparing these reforms long before perestroika. The alternative school is represented in the publication by one name: Aleksey Alekseyevich Sergeyev, head of the Department of Political Economy of the Higher School of the Trade Union Movement, the very person for whom the picketers were doing battle. Though we are given to understand from Salutskiy's account that there was no special need for the representation of the demonstrators: Professor Sergeyev had already been invited to the conference, but somehow they had not invited him in the right way, not respectfully enough.

From that point, events developed as follows: "...Professor Sergeyev managed to make his way—literally make his way!—to the speaker's stand in the Hall of Columns. And his speech ended with a long ovation," "...for the first time during the years of perestroika the voice of an economist of the alternative school had been heard officially, from a high platform!" "...were it not for the splendid speech of Professor Sergeyev, the organizers of the conference would simply have kept secret both from the community and the political leadership the existence of alternative viewpoints, would have given the appearance of a showy unanimity," "...in concluding his triumphal speech in the Hall of Columns, Professor Sergeyev turned to the representatives of the academy school with the request that they move over just a bit on the television screens and in the news media so that the

public might become familiar with the alternative." Alas, the news media, intimidated by Sergeyev's triumphal advance to the high platform, immediately began to paste on his conception clever labels indicating one thing—that the 'pastors' themselves know nothing of theory."

What kind of communication was it that came to the high assembly from the outcast of science, the simple professor, the seemingly most ordinary doctor of economic sciences, the seemingly unpretentious head of the department of political economy?

We present you a feast of ideas.

The professor's speech did indeed differ greatly from the speeches of the other participants in the conference. The others "cleverly" wracked their brains about how to halt the disintegration of the consumer market. At present, events are going in an unfavorable direction. Economists have a term they use: hot money. These are savings which are like a hot potato—just supply a commodity, and people will spend what they have accumulated in an instant. By the beginning of 1989, the total amount of hot money was estimated at 70-100 billion rubles; by this January, it certainly amounted to no less than 165 billion. Total savings amount to about 500 billion, which is approximately equal to the annual money income of the population: the hypothetical average person in statistics could go without working for a year, he has money to live on. And that entire astronomical sum is hot to the touch, is like a hot coal: When the prices of goods are rising, they disappear from the stores, you and I are ready to purchase anything we can find—just in order to avoid using bank notes to paper our walls. Under those conditions, if there is an increase in the output of goods within the country, if consumer goods are acquired from abroad—everything falls before that speculative demand as into a black hole. All 500 billion rubles of savings could rush onto the consumer market. That would be a disaster—the stores, no longer necessary, would have to close their doors. But what are we going to do with what we get except to live on it?

Professor Sergeyev sees no problem here: we simply have to take the money away from the rich. He even proposes the mechanism for expropriation: a monetary reform. Up to 10,000 rubles per person old money would be exchanged for new, ruble for ruble, no questions asked, but above that amount you would have to prove the honest origin of your accumulation. In the professor's words, the "sovbours" (Soviet bourgeoisie) and the underground millionaires possess at least 500 billion rubles in capital. The origin of this figure is unknown. Although the professor did make one computation public: 80 percent of all account balances in the savings bank are concentrated in the hands of only 3 percent of the depositors, and the average balance in their accounts is 25,000-30,000 rubles. Now this calculation is being announced time and again in rallies, is being referred to repeatedly by D. Gidaspov, one of the inspirers of the Leningrad United Workers Front. Yet it is not difficult

to check the figures. The statistics definitely show that balances higher than 25,000 rubles represent only 0.6 percent of savings, not 80 percent. The figure made public by A. Sergeyev on underground capital (500 billion) coincides with suspicious accuracy with total personal savings, which, as already stated, are "hot" and are disorganizing the market. The implication is clear: if we just fleece the millionaires, the situation in the trade sector will stabilize at once. The Sharikovskiy slogan "Seize the Plunder" has unfailingly worked at the sharp turns in history, we have been through that.

Strictly speaking, there is no extraordinary need to change the money, the monetary reform is already taking place, only not in the way that the professor is teaching us, but in creeping fashion. In the last two years, nominal personal income has risen by 105 billion, or approximately by 1,000 for a family of three persons, practically no goods have been added except maybe vodka. And bags of new bank notes have gone into circulation—Goznak has cut back to half its production of metals, greatly reduced the output of party membership cards, and switched its capacities to printing money. If things go on this way, present and indeed future savings will turn to dust—this has happened before in history. Then replacement of the old money and adoption of new money becomes a purely formal and painless act.

But what do you think the professor proposes in connection with this flood of money? Not increasing output quotas in coming years and not reducing piece rates at enterprises. In other words, quickly and constantly increase the wages of the entire working class without any growth of output per ruble of earnings. What will this do to payments, what will you buy with them? After all, the prices of goods will inevitably begin to gallop. No, the professor does not want that. He makes a proposal to lower prices; in his opinion, this requires only issuing to enterprises producing commodities the strictest targets in this respect.

In reference to this "effort" of the OFT, the well-known economist V. Gurevich made this sensible remark in the press: If in a normal country, someone said that he knew of a way of lowering prices in the midst of general scarcity, then out of politeness they would ask him to reveal the great secret; and when they heard him say that instead of the profit indicator enterprises would be assigned an indicator for lowering prices, pluralism notwithstanding, they would never let such a thinker open his mouth again. You can picket all you like, but in those countries they are never going to assign enterprises any indicators. A. Sergeyev's speech, triumphant, splendid, and everything else, given an honest assessment, is an eclectic assemblage of unrealistic and nonsensical measures which are very attractive and unfailingly popular. What comes of them is not his worry—those who "soar somewhere close to the summits of power" can be responsible for the consequences.

Of course, a speech delivered at a conference is not a scientific study, many things inevitably have to be presented in summary form. But I was not so lazy as not to read A. Sergeyev's lengthy articles in the journal *EKONOMICHESKIYE NAUKI* and his interview with that same enthusiastic devotee A. Salutskiy published in the journal *NASH SOVREMENNİK* (No 10, 1989). Can you believe it, just check it out—there is nothing new there that was not in the speech delivered in the Hall of Columns except attacks on cooperators which have now become commonplace and forceful appeals for reestablishment of centralistic management of the economy (the author projects the building of an entire "strategic echelon functioning in a special centralized planning mode"; that echelon would issue orders as to who must produce what, would apportion resources, and would use a network of informers to follow up on performance of the directives of the center).

The professor is not alone in such judgments and recommendations. As a matter of fact, an entire school of economists and social scientists has recently been formed to oppose the restructuring of the economy and changes in society at all important points. Salutskiy calls it the real school by contrast with the academy school. So be it, names are not important. But there are no grounds whatsoever for the "realists" to complain that they do not have access to the principal sources of glasnost. Aside from the journal *EKONOMICHESKIYE NAUKI*, they have entirely at their disposition such large-circulation publications as *LITERATURNAYA ROSSIYA*, *SOVETSKAYA ROSSIYA*, *NASH SOVREMENNİK*, and *MOLODAYA GVARDIYA*. You will not confuse the "realists" with anyone else—they can be recognized by their style of writing: extreme aggressiveness, intolerance toward those who think otherwise, extreme simplicity, and determination in their approach to the problems of life.

It seems to me that the pivotal economic conception of this school has been set forth most straightforwardly and consistently by the economist Vladimir Yakushev in an article entitled "Do We Need a VChK [All-Russian Extraordinary Commission To Combat Counterrevolution and Sabotage] for Perestroyka!" (*MOLODAYA GVARDIYA*, No 7, 1989). Let us follow the lines of his arguments—they deserve it.

Economic development, in the author's conception, passes through one and the same series of successive stages in all times and in any society: barter economy—simple commodity production—capitalist commodity production—commodity production of the period of imperialism, when the free market is still not operative—and finally, directly social, that is, socialist production. If we omit the first stage (barter economy, which has not existed for a long time), then we are left with a one-way historical process: the movement from commodity relations to noncommodity relations, when the economy is no longer regulated by the market, but by a plan.

The author considers this process to be unconditionally constructive, a process that opens up room for development of the productive forces. But then a tricky question arises: Practice serves as the judge of a theory, and it would seem not to have confirmed the particular virtues of the noncommodity model, the planning model? V. Yakushev does not evade a response: "As a matter of fact, the present economic system is operating poorly. There may be two reasons for this: either it has design defects built in from the beginning which make it unsuitable, or for some reason it has been corrupted or choked by something." No, the design is fine, and until they meddled with it, things went as they should: "The compass of Marxist-Leninist theory has pointed out the necessity of moving in the direction of a reduced role of commodity-money relations. That course was adhered to until 1958. Step by step such systemic features of commodity production as the market, competition, free pricing, the trade in the means of production, and the orientation of producers toward profit were displaced from the economy." To be sure, there were mistakes like the NEP, but "comparatively quickly they came to understand" that alien phenomenon at the time.

So, everything was fine. Then why is everything bad?

In the post-Stalin period, the market-oriented economists jumped up like circus clowns and began to wreck the wonderful design. They prepared the 1965 reform, and that is where all the trouble started: the shortages of commodities, the rise of prices, the squandering of labor, the holding back of scientific-technical progress, departmentalism, the deterioration of planning. "...All of these 'flowers' are growing up from a single root—the decision to strengthen the role of commodity-money relations at a time when the material foundations for them had already disappeared.

"Emphasizing value indicators, the reform thereby created false reference points in the activity of enterprises. Those indicators were actually those 'foreign bodies' which were like a wedge driven into the foundation of the system of centralized management of the economy. The system could not completely reject them, and they created a permanently operating factor for disorganization of the economy."

Most harmful of all—even in our own time the market-oriented economists are setting the tone for science and practice (V. Yakushev mentions a whole string of names at this point). They have wormed their way into the press, radio, and television with their proposals. "In essence, it comes down to driving in all the way the wedge of 'foreign bodies' that has already been driven into the centralized system of management, of 'scattering' the system, and of building relations between 'atomized' and economically independent enterprises on a market basis."

Fine, so now it is clear what should not be done. But what should be done? Well, how can you fail to understand it—go back to the good old system, first extirpating

from it the value indicators that existed previously so as not to confuse people. Enterprises should be set plans in physical terms—in pairs of shoes, tons of metal, meters of cloth, and so on. Production records would no longer be kept in rubles, but in hours of worktime. People will be given receipts for their work, and they will use them to obtain from society everything they need to live on. It is only a matter of tradition that these receipts are referred to as money. The author proposes that the receipts ("labor money") would be distributed this way: one portion of remuneration of labor would be guaranteed, the other and larger portion would depend on success in socialist competition.

And that is actually all there is. It remains only to add that in his logical constructs and recommendations the author has not deviated even a millimeter from the economic theory of the founders of the "only correct doctrine." If on this account there is for some reason a need for my confirmation as well, I willingly testify that the conception of the classics has been explained with absolute correctness, and the quotations from them supplied for the article are accurate and to the point. If anyone doubts it, let him read just a few of the writings of the founders—let them go in particular to the books "Anti-Duhring," "The Poverty of Philosophy," "Marx and Rodbertus," and "The Critique of the Gotha Programme." They match the article by V. Yakushev point by point! In that sense, our realist-theoretician differs favorably from many perestroika economists, who would like somehow to refine and update the ideological teachers to get their blessing from the grave for today's search for a way to the future. That is a futile undertaking!

Nor is there any point getting into an argument with the present-day utopians—you will never catch them in logical contradictions, in just the same way as the most experienced patent expert is sometimes unable to find defects in the clever design of a perpetual motion machine (and applications are still being made by the dozens for such inventions). Unfortunately for the country, the best of all the conceivable designs of what we might call an economic perpetual motion machine is the one we tried to make; utopia took power and squandered the resources of one generation after another in building a mechanism that was supposed to be a blessing to humanity. However many failures might have occurred, the explanation is ready: We did not build it right, we departed from the blueprints (or, taking the opposite tack, we took the design too literally, whereas it contained an allegory). So then this same V. Yakushev, in agreement with the classics, proposes planning production in physical terms, in so-called use values. Ask him how the planners know in advance how many people will need blue polka dot shirts, panty hose with monkeys, garden tractors, window sashes, and 25 million other products, and the theoretician will give you a scholarly reply: "The conversion to indicators with which the results of work are recorded and evaluated on

the basis of use value is regarded in the theory of Marxism as one of the basic conditions for socialist transformation of society."

Do not object—that is actually the case. But even if we allow for a moment that this is technically possible, how many planners will be needed, and how many inspectors to follow up the plans? However many are necessary, that is how many there will be: "Those are the people who, so to speak, 'turn the wheel,' and if they stop doing their job—the machine will come to a halt." Maybe so, but in the West they do not turn the administrative wheel by hand, and yet they do not seem to be complaining about the way they live? So that is all you know: "The market mechanism can effectively serve only weakly developed productive forces.... At first glance, this assertion would seem to be refuted by the experience of the advanced capitalist countries. But...they are everywhere replacing market coordination with administrative coordination, and the latter, in the assessments of Western specialists, is many times more efficient than coordination by the market. That is right! At a time when we are trying to make a market system and get away from the administrative system, in the advanced capitalist countries they are doing the opposite." Is that so? The famous writer did not even restrain himself from declaring that real socialism has been built not in our country, but precisely in the West. Now we know what they were up to over there: they were literally following Karl Marx and Vladimir Yakushev to the letter. Right now they are beginning to plan the output of whiskey, automobiles, and other goods from the White House, to distribute everything among the muddle-headed American men and women on the basis of coupons, receipts, perhaps even "labor money" (over there they will obviously call it labor dollars).

We are joking, but that is the case. If it is easier to swim the Channel than to engage in a discussion with the "realists," if it is useful to thrust in their face the facts and figures that prove that the planning system has never been effective in any country (they will not listen to you, they are loyal to the orthodox theory for the rest of their lives), it is by no means useless to discover where the opponents are in fact right, to see at what points their criticism of the academy school is both correct and profound.

In the struggle which is shaking our society to its very foundations, the initiators of perestroika have deliberately been taking a centrist position. M.S. Gorbachev himself, in each successive conflict carefully keeps his distance from both the conservative forces and the radical forces. This is a convenient position, and in general it is a practical one. In any case, it has allowed M.S. Gorbachev, the great master of compromise to stay on top of events, to forestall skirmishes between the belligerent forces, which would have unpredictable consequences. And what is politics anyway, if not the art of compromise? But it was the wise Goethe who cautioned: "They say that the truth lies in the middle between two opposing opinions. Absolutely not! What lies between

them is the problem...." And it, this problem, is that society is very rapidly becoming polarized, lines are being drawn through the masses, which even yesterday were only a passive object of history.

As a matter of fact, what makes Gorbachev strong? When the rightwingers made a move, he shifted leftward, with his immense authority he supported the radicals as they closed ranks. And analogously on the other side. Each time some kind of brittle equilibrium was reestablished, some relative calm desirable for carrying out reforms without haste. The social base of the centrists are strata of the population that are not highly politicized—an astute politician can take them along as he moves this way and that way. As society becomes polarized, the room for maneuver is squeezed, skukozhivayetsya. They tell us: We are all in the same boat, and we should not rock it. But it looks as though we no longer have any boat at all, but just a board set edgewise. You cannot keep your balance on it long, the centrists have to decide quickly—otherwise they will begin to receive blows from right and left, as happens in a brawl. The motto of Leopold the Cat: "Let's be friends, kids," no longer works.

The futility of centrism was probably evident earlier in the economic transformations than in other spheres of everyday life. The people who initiated perestroika did not come off the street, but from the higher echelons of power. Over decades of practice, they had grasped better than others how inefficient the system of administrative planning was. But the Western market model was even more alien to them...—in order to obscure things there, we call things by our own names: the contemporary capitalist organization of production, which is based on the market, although it is regulated by the state. And thus the ingenious centaur called the socialist market was designed. In principle, it satisfied everyone. Some people felt: if it is a market, that means progress. Others emphasized the word "socialist"—there is no need to panic, they said, no shaking of the foundations is foreseen.

The whole question is whether such a centaur is possible, whether it is not only a chimerical freak of mischievous thought? In short, are the plan and the market compatible? I see the "real school's" only achievement (but quite an important one!) in the fact that it put these questions and supplied the right answer. Let us listen to what V. Yakushev has to say: "...in theory, the point of view was established and continues to be dominant that conformity to plan and commodity production do not stand against one another, as the classic writers supposed, but complement one another. This viewpoint impressed common sense, which is inclined to look for the truth in the middle, and the majority of theoreticians hurried to line up at the 'golden mean,' where from now on they will feel comfortable." Another "realist" spelled it out: "Directly social relations and relations mediated through the market, through money, are opposite to one another, incompatible, they negate one another. Any

attempt to somehow unify them, combine them, complement one with the other, constitutes eclecticism in theory and an unprincipled swerving from side to side in practice" (EKONOMICHESKIYE NAUKI, No 8, 1987, p 51).

If they are incompatible with one another, a choice has to be made. The "realists" announced their choice: absolutely no market, only the rebirth and bolstering of the command-administrative system that conforms to plan. In other words, these economists took up a position to the right of center. They are opponents of perestroika in principle and as such they are doing service for a conservative, retrograde camp that is gaining strength literally before our eyes.

But the phantom of the socialist market can also be rejected from the left, from the positions of those who are consistently oriented toward the market. This is what the radicals have been doing, or, in more expressive terminology, the "extremists." I know of them both personally and from their published writings, but probably there is no point in naming names: glasnost is glasnost, but if you lay an imperious quotation on the head of someone like that, he does not come to himself soon. So I will cite the opinions of people out of reach of the punitive right. The Hungarian reformist M. Pulai has referred to the attempts to invent a special "socialist market" an infantile disease. In his country, they came to the conclusion: they needed to change both the economic model and the political system. And here is the declaration of Marian Calfa, Czechoslovak prime minister: "The long-range economic objective of the national consent government is to prepare the transition to a market economy, because only it is able to create an efficient economy, raise the standard of living of the people and use natural resources sensibly. We cannot allow ourselves to experiment with some kind of economic model that no one has so far checked out, a model based on a combination of principles whose very compatibility has not been proven anywhere. We must adopt a market economy with all its virtues and shortcomings" (PRAVDA, 12 January 1990). That is what it means to talk like a man.

Before making a choice, let us finally understand what the issue is, what the market is all about, why some people sincerely do not accept it, and others are inclined to permit it, but in our own special form. At first glance, it seems simpler than boiled turnips: Producers of material goods—private operators, cooperators, and state enterprises—do not work for the plan, do not work under a directive from above, but they themselves, at their own risk and peril, determine what product to produce. That product, of course, which the customer needs and which can be sold at a little bit better price. Competition arises among sellers, there is a fight for the customer, and whoever offers the commodity that is in short supply, whose quality is better, and whose price is accessible becomes rich and flourishes.

So what is so bad about that? It is exactly what we customers need. And what kind of wicked creatures are these "realists" to dare to stand in the way of our obvious gains? But it is not all so simple as that. The generic term "market" covers not one market, but all three markets: the market for commodities (we have just described it), the market for capital, and the market for labor. Just like the holy trinity, they have a single essence; that is, they are all impossible on their own. The profound theoretical error of the economists in the academy school endowed with power is in my view precisely that in their expressly stated opinion, we intend to pluck one member from that trinity, the most attractive one, which is the commodity market, which will saturate the trade sector through competition of producers and will meet the needs and satisfy the whims of consumers. In reality, this market is only the final stage of commodity production. It, so to speak, dresses the shop window of the Western mode of production in front of which our tourists like to stand and gape. But the glitter of supermarket windows is preceded by everyday work that is not noticeable from the outside and is performed by the two other markets—the market for capital and the market for labor. Let us look at them.

In a recent trip to the FRG, I visited the stock exchange in Stuttgart. This is a market for capital. Brokers with strong voices are located at speakers' stands and they shout out the price at which they are ready to buy or sell particular shares of stock. When a trading partner is found, both go off into a cubicle behind the speaker stands and complete the deal. But I am afraid that the reader will get little from this description. The terms "broker," "stock," and "dividend," which are customary in the West, have been completely forgotten with us because of disuse, so that we might review it all from the beginning in simpler terms. Let us suppose that you have money that is not committed. You could store it in a sock, and if there is inflation, the money loses its value. It is more sensible to put the money in the bank, where it will earn interest. How high is the interest? And that depends on which bank, in every large city there are dozens and perhaps even hundreds of them. There are state banks, there are private banks whose history goes back a century, and that means they have a solid reputation. Ordinarily, such banks do not pay depositors the highest rate of interest, but at the same time you can be assured that your deposit is preserved. Wherever the rate of interest is higher, so is the risk.

Bankers, of course, do not collect money so that like the stingy knight they can admire it at leisure ("Today, I want to arrange a feast for myself: I will light a candle in front of every coffer. And I will unlock them all and stand among them and look at the glittering piles. This is my empire! What a magic gleam!"). No, banks put other people's money into circulation. For example, they finance production operations which will bring a larger return than what they are paying to depositors in interest. As a major American financier has wittily put it, the bank is an enterprise which produces a special

product—money. The mechanics are simple: the bank buys stock through middlemen (brokers)—securities certifying that their holders have acquired a share in the value of a given enterprise. Now he is entitled to receive income (a dividend) on each share of stock. Any depositor can order the bank to purchase a stock of a particular enterprise in his name.

In the stock exchange in Stuttgart, they gave me the quotation sheet indicating the value of the stock of thousands and thousands of enterprises. The prices differ by many orders of magnitude. Why is that the case? This is in fact the spring that drives the market economy. Suppose you and I have bought the stock of two different firms at the same price (for 100 German marks). After a year, mine has yielded an ordinary average income, say, 10 percent (10 marks), but yours has earned twice as much, that is, 20 marks. Both of us need ready money, and we have decided to sell our securities. For mine, they gave me back the same 100 marks which I paid a year before, but you got 200 marks. Unfair? After all, it does not matter to the purchaser whether he acquires two shares of a stock like mine or one of yours—in both cases, he will get the same yield of 20 marks if other conditions are the same.

At first, these seem to be purely speculative operations: these are parasites who are not working, but getting rich. As a matter of fact, one can take that line of argument, the market model does not guarantee justice, but only efficiency of the economy. Firms whose shares of stock are becoming more expensive are being continuously nourished with more capital. They have an opportunity to update and expand their production operation more rapidly than others, to acquire the enterprises of others in order to organize things there in an up-to-date way. There is some kind of natural selection of the most viable firms. This is a decisive stimulus for technical and organizational progress: the stragglers are destroyed. There is no need to mourn the failures—it is evident that they went into the wrong business.

At the present time, for example, Japanese capital is squeezing competitors. The economic scientist with whom I lived in Cologne bought a Japanese car. He told me that his neighbors cried shame: He is not a patriot, they said, since he did not support German industrialists. Patriotism is a fine thing, but the temptation was very great. The Japanese were the first to equip the new car models with catalytic converters—devices to absorb exhaust gases. Under the laws of the Federal Republic of Germany, owners of such cars are exempted from the environment tax for five years, and that means 600 marks per year (an average pay for the week!). What is more, the Japanese firms were the first to introduce free technical maintenance for the first two years.

I hope now that the interaction between the market for capital and the market for goods is understandable. The commodity market, like a supersensitive instrument, tracks down, sniffs out, unsatisfied demand and sends signals to the market for capital, that is, to the stock

markets: there is a shortage in such-and-such a place, there is good money to be earned making it up. The commodity market guesses at the needs of consumers that have hardly become evident and indeed are still altogether unknown—for VCR's, cordless telephones, automatic cameras, automobiles with on-board computer, intelligent robots, and the stock exchanges perceive the messages coming from trade very vividly: in the form of a rise in the price of the stock of those enterprises ready to make up the shortage, or, on the contrary, a drop in the price of stock when the market is oversaturated with some commodity. The movement, the siphoning of capital from some branches and production groupings to others—that is the driving force in spontaneous development, self-adjustment, and a market economy.

We would like it that way. But here is the trouble: the capital does not belong to anyone. When a man buys a share of stock, he does not acquire just a pretty piece of paper with watermarks, but a part of an enterprise. He becomes the owner of that part and has the right to dispose of it as he wishes—to sell it, to give it away, to bequeath it. In other words, only owners of means of production can compete on the market for commodities. Yes, on the surface of phenomena the market is a constant and voluntary exchange between the owner of money and the owner of the commodity. But in the final reckoning, in the last link of the chain of exchanges the owner of means of production used to manufacture the commodity figures as the owner of the commodity. And if we want in some future time to have a Western-style saturated market for the goods of life, we have hopelessly little free competition among commodity producers, which has now been proclaimed—we have to privatize the means of production. The commodity market exists where, when, and insofar as there exists a market for capital on which ownership passes from hand to hand.

But at this point all of us, from top to bottom, are hidebound by ideological dogmas. As it is stated in the Communist Manifesto, "...the Communists can express their theory in a single principle: abolition of private property."¹ Economics imperatively demands establishment of private property, ideology its abolition. People frequently say: the country is on the verge of ruin. Let us extend the metaphor: Economics and ideology have met on a narrow bridge over an abyss, they lock horns, neither can go back—you cannot turn around. Someone has to go into the abyss. Compromise is precluded, it would simply signify inaction—perhaps, people say, the contradiction will somehow be resolved all by itself. That will not happen.

Even today the phantom of a separate socialist market does not inspire many people. In essence, this is an attempt to combine the attractive commodity market with state ownership of the means of production. "It is not always true by any means," asserts L. Abalkin, member of the academy, whom the "realists" hate, "that one must be the owner to be the master, although this

understanding has today become rather widely established and widespread in public opinion. It is quite clear that the state still has in practice the exclusive position in forming the infrastructure of production and social welfare that guarantees the integrity of the economy...." But what in that passage does the "exclusive position" of the state mean if not exclusion of the very idea of a market for capital, prohibition of even a hint of a transfer of funds to the production of goods needed by the market when that transfer is not subject to control of the apparatus?

Once the market regulator has been rejected the state in future reserves for itself the obligation of transferring, shifting, capital from one sector to another, from one production grouping to another. This is done through so-called priorities: production groupings declared to be preferable receive benefits in financing expanded reproduction, in the supply of resources, profitable prices are set on their products, the workers are given higher wages, and so on. We recall the priority of heavy industry, the FYP for the chemical industry, the FYP for machinebuilding, and the current priorities of agriculture and the consumer goods sector of the economy. But preference for some always means, if we can put it this way, something less than full respect for others. So long as the state draws off resources into priority sectors, the others go into decline, and they in their turn have to be declared targets for a crash effort. As a result, we have permanent shortages, a lopsided economy operating for its own sake and incapable of serving man.

Now they promise us: from now on, we will begin to plan correctly, we will choose true priorities, we will distribute the capital in a scientific manner. What does it mean to say in a scientific manner? This secret has been revealed to us by V. Pavlov, who is the minister of finance. The previous plans, it turns out, were never suitable because they were drawn up in the wrong prices. Prices were set on some goods whereby the manufacturers could realize superprofit without particular effort, whereas others could not get rid of losses no matter how hard they worked. The state has been forced to equalize conditions by means of higher rates of transfers into the budget from the profit of the lucky enterprises and subsidies to the unlucky ones. These individual rates are purely arbitrary. So, we need a uniform rate. And it is possible, in the minister's opinion, if the rule of "equal profit for equal capital" is operative. It is on that basis that we should set the price, and then, when prices are scientific, it will be easy to impose a correct, scientific FYP (and, we ourselves might add, make a mess of it according to all the rules for the 13th time).

This is the last word of the reformers who belong to the academy school, the theoreticians of the socialist market. I assume that even a reader who is not versed in the subtleties of economics has long ago realized: a normal economy, everyone without exception, is precisely based on producers receiving different profit for equal capital. Different, not equal. The money invested in a promising operation that has been set up properly will bring a

higher dividend. Otherwise, the owners of money would be completely indifferent about which stock to buy—every one would bring one and the same income. Then there would be no cross flow of capital, enterprises would receive equal financing, both those making up a shortage and those producing a product no one needs. And that signifies lethargy and then death of the economy.

Incidentally, the theory of market socialism is not new at all. Back in the thirties, it was advanced by the Western economist Oskar Lange, and his model called for precisely what the academy school is proposing to us today: some central planning bureau establishes the correct prices, which predetermine the correct behavior of enterprises. The discussion of this proposition by the leading lights of world economic thought came to be called the Great Discussion. Theoreticians demonstrated the unsoundness of the proposition, and at a much later date the experience of reforms in the socialist countries has been convincing that nothing comes of this enterprise except bureaucratization of the economy. The world-famous Hungarian scientist J. Kornai has maliciously remarked: "Lange's model is based on erroneous suppositions concerning the nature of 'planners.' The employees of his Central Planning Bureau are the living embodiment of Plato's philosophers, the personification of unity, unselfishness, and wisdom.... That kind of bureaucracy has never existed since the world began and it never will."

But the main thing is that the bureaucrats do not have a set of management tools that can be compared to market regulators. The virtue of the market for capital is precisely that it adjusts production with amazing accuracy—it is not just automobiles that are needed, but automobiles with catalytic converters, it is not the manufacturing of all television sets that is particularly profitable, but those with higher definition and remote control. An economy can be tuned with a plan in a much cruder fashion, initially, in principle. As a matter of fact, in what direction is the economy pushed by a balance between personal money income and the commodity coverage of that income, which today is correctly thought to be the most important balance? Nothing more than saturation of effective demand in the aggregate, in value terms. If the figures on income and the aggregate of commodities coincide, then everything would seem to be in order. But what kind of goods do the rubles of the aggregate represent? After all, you cannot make up a shortage of soap with an abundance of carpet, and electric drills are not a substitute for meat. The planners go on to break down the general target into commodity groups (so many and so many pairs of footwear, so many and so many tape recorders), but this does not save the situation—on a per capita basis, you can knock out more footwear than anyone else in the world, but on your feet...you know it well. The situation is like the one described by Chekhov in his story "The Complaints Book": "As I was traveling through the station, I was hungry, and when I was deciding what I would eat, I was unable to find lenten food. Dyakon Dukhov." "Take what you get."

We take it, what are we going to do? And still this is not the worst of the alternatives. In the first 4 years of the FYP, the output of consumer goods rose 68 billion rubles, and now they have planned to add 66 billion—almost as much as over the entire previous period. You can depend on it: a higher figure will be produced, but that is all. Enterprises will try to inflate prices still more impudently in order to fulfill plans they cannot handle, and for the umpteenth time the state will close its eyes to these little tricks. There are absolutely no other methods of adhering to the balance of personal money income and expenditures to some extent. Regardless of the intentions of officialdom, year after year, decade after decade, planning has been demonstrating its utter inability to optimize the sectoral structure and to force the economy to work for man. Only liberated capital, allowed to go its own way, is capable of performing that task. Differences in the rate of profit unmistakably indicate the direction in which it must move in the interest of purchasers and the society as a whole.

The commodity market which has now been proclaimed creates competition of a special kind when there is no market for capital: it is not the purchaser that enterprises and sectors go after with cajolery, but the state, the treasury, competing to see who can wangle higher limit allowances, subsidies, money on loan that does not have to be repaid, and investments, who can be clever enough in haggling to get the plan revised downward, the benefits revised upward, and prices raised. The reformers have replaced the right of ownership of the means of production with the absurd notion of the independence of work collectives. This is really mad: for the state to keep the means of production and at the same time to give people independence in their use—do as you like with someone else's property. The results were not long in coming. Even the official statistics indicate that the growth of the country's production potential has been fading. In 1970, activation of fixed productive capital was 10.5 percent of the total, and retirement was 2.3 percent. The difference between these quantities (8.2 percent) reflects the net addition to capital. In 1985, this addition dropped to 5.4 percent, and in 1988 to 4.6 percent. It is evident from an analysis of the plan for 1990 that the funds spent to expand reproduction will now be only two-thirds of 1988.

That is according to official data. In actuality, the situation is far worse. According to our calculations, the value of construction is growing by a minimum of 30 percent during every FYP, and over the last two years prices of capital goods have broken loose. Meanwhile, new capital is being entered in the balance at its nominal value and added to existing assets assessed at another time in different and heavier rubles. If all assets are recalculated in comparable rubles (at the so-called replacement value), and in addition we take into account the concealed retirement (capital not yet written off, but outdated and not yielding the requisite return), then it becomes obvious: activation of capital is by no means

covering its retirement; we are squandering the country's main material wealth—we are behaving as though the world will end tomorrow.

Everything belongs to the public, there is no owner—so who is going to save and augment it? To wrest as large earnings as possible from the plant owned by the public, to snatch it quickly before the boss catches you—that is what we think is great, that is our way of doing things, the *declassé* way, for once we live. Now the owner-state has suddenly thought of something and abolished the elective nature of directors—once again they will be appointed. Will that be better? Hardly. It is not altogether a disadvantage that our ownership is public. As a matter of fact, abroad the workers in joint stock enterprises do not elect the managers. The board of directors selects, hires, managers who will not allow production to decline—otherwise the stock quickly turns to scrap paper.

I happen to recall a wonderful story by Boris Shergin entitled "No Time at All." The incident occurred long ago on a dock run on a cooperative basis on the Arkhangelsk coast. The ships' masters and working people from five coasts on Dvina Bay assembled to hear the report of their elected officers. One reported: "I have filled the sheds with precious stores, with mahogany. Enough for two years at a high rate of consumption." He had been managing that department for nine months. The assembly thanked him—but nothing more than that. Another one had supplied the dock with tools over that same period of time. And they told him: "And so you fulfilled your duty. But there is nothing so wonderful about that." The third began with a question: "Are you familiar with the master artist and navigator Markel Ushakov?" The assembly replied: "You might as well ask if we know our own fathers and mothers! We snatch away from one another Markel Ushakov's navigational and shipbuilding drawings." Then the speaker announced: "I have Markel Ushakov under contract to supervise our Lisestrov dock. He will come here to live permanently. But it took me a long time to bring Markel around." "How long?" the assembly asked. "Nine years...." Three hundred men clapped in unison, stood up, and shouted: "Pankrat Padinogin, you spent very little time! For such a worthwhile success, 9 years is no time at all." So what would you call this—election, appointment, invitation? What is the point here? There are different ways of going about it, depending on the circumstances. The important thing is who does the appointing or electing—the owners or day laborers, the masters or those who work by the hour. Fine, from now on our directors will be appointed. And what does that mean? The appointees will hang on every word of their superiors, they will serve the party-state apparatus, and in 70 years it has never shown its ability to manage public property profitably.

No, no, unless the means of production are privatized, however we turn, we will not set up a sound economy. That prospect is intolerable for the "realists." "We will cease to be what we are if we go back on our socialist

values, if we allow the frenzied pseudodemocrats to dupe the people with honeyed tales about 'people's capitalism,' about unlimited democracy and nonparty glasnost," says B. Gidasov, leader of Leningrad Communists, laying down the principle (LENINGRADSKAYA PRAVDA, 8 December 1989). In our blindness, we do not see that we have already been hooked. One more move and we will find ourselves in a hot frying pan: our plants and land, banks, schools, medical institutions, and the rest will become booty of plundering moneybags"—says E. Skobelev, who holds a responsible position in the Belorussian party, pumping up the emotions (LITERATURNAYA ROSSIYA, No 45, 1989). "Our 'extremist market-oriented economists' are ranting and raving, arguing that we have to have an all-inclusive market, although carrying out their recommendations threatens the Soviet economy with complete ruin," says M. Antonov, and, true to the laws of the genre, he gives the name of the principal extremist—L. Abalkin, member of the academy (NASH SOVREMENNİK, No 8, 1989).

If only it was much ado about nothing! I am anxious to calm those who held a placard in front of the Hall of Columns saying "Halt Abalkanization of the Country!" The member of the academy has sworn a hundred times that he has never even thought about privatizing any significant means of production or allowing a market for capital. But without that a commodity market is impossible. Thus, everything will remain as it was, the way you like it.

The accord between the quarrelsome "realists" and the moderate and careful reformers also prevails on the question of the market for manpower. A savvy newspaperman asked L. Abalkin: "Which means that there can be no question about wage labor?" "Wage labor," the member of the academy shot back, "is not a popular term, but a strictly scientific term, a term that goes hand in hand with capitalism. That is why I feel that wage labor and socialism are incompatible." As you see, even from that quarter no threat to our system is foreseen. Contrary to the opinion of the radically minded legislators and exactly according to the insistence of L. Abalkin, the first article of the new Law on Property in the USSR includes this passage: "The use of any form of property must preclude...exploitation of man by man."

Let us figure out what this amounts to. In the carefully stated wording of the law, you note that it is not all exploitation of man that is being excluded, but only exploitation by another man. Exploitation by the state—go right ahead, there is no sin in that. Exploitation means, whether in the West or in our country, someone's appropriation of a part of the product created by the worker without giving compensation. There is a witty, but theoretically unsound story about a conversation between a Japanese and one of our Soviet people. "I work six hours," the first declared. "Two hours for myself, two hours for my boss, and two hours for Japan." The other man replied: "And I work two hours, but only for myself. I have no boss, and why should I work for

Japan?" When that is the case, how is the country going to finance the army, the police, schools, and hospitals? What will we have to finance construction of housing and plants? In that sense, exploitation of man is a mandatory condition of society's vital activity. But the lower the productivity of labor, the more wastefully the economy is run, the larger share of the product has to be taken away from the producer in order to meet society's needs. Thus, the higher the level of exploitation. In market economies, a man works for himself between 60 and 80 percent of the time, while only 20-40 percent of the workday goes for society. In our country, the proportion is the other way around: approximately two-thirds of the net product created is not paid directly to the producer and goes to the state for its disposition.

A worker over there has a preferable position not because the bosses of enterprises are good and sympathetic. Manpower there is a commodity like any other. It has its price, which in the advanced countries, by our standards, is fabulously high (which, incidentally, is also profitable for the association of businessmen—otherwise who will be the purchasers of the automobiles, apartments, and household appliances?). The individual has an opportunity to sell his work power on the market for labor, since he is its owner. Work power that is gifted by nature and has been augmented by training is the most important form of property. This is the main productive force creating society's wealth.

But no sooner does the state take the means of production into its hands, than it actually is expropriating the owners of work power, that is, the entire able-bodied population. Now the individual can no longer make a living except by hiring himself out to the state. It becomes the monopoly purchaser of work power and like any monopolist arbitrarily sets on that most important commodity whatever price it likes (through salaries, wage rate schedules, piece rates, standard rates, and so on). The market for labor is abolished, there is no longer anyone to bargain with concerning the price of the commodity—the monopolist buys up all manpower.

Now suppose a competitor turns up in addition to the sole customer and begins to drive up the price of that commodity. Last year, the average monthly wage in the economy was 240 rubles, while in cooperatives it was 500 rubles. By offering twice the price, the cooperators have been taking workers away from the state. A market for labor is coming into being. Will the state, which has become accustomed to dispose of all labor resources as it sees fit, put up with a competitor, even such a feeble competitor, but one that is so persistent? Reality is giving the answer every day—the cooperators are taking a pounding.

That is the essence of the matter. It has been clouded over and concealed by high-sounding talk about exploitation. As a matter of fact, exploitation of man by man does have an ugly ring to it. Let us put it as calmly as possible, as L. Abalkin, member of the academy, did in the interview we have mentioned: it is a question of

prohibiting wage labor, not of anything else. Finally, let us determine the meaning of the term by a third method: The state prohibits us, the natural owners of our own work power, from selling it to anyone at all except it, the state. Now we have told it like it is. Under these conditions, the market economy once again becomes impossible. There is an oriental legend about this. The padishah has told an architect to build him a castle. Knowing the way of things in that kingdom, the architect asks for a written order, and with the decree under his arm he goes off to gather building materials. A guard stops him: You are destroying property, he says. The architect shows him the shah's document—no, that will not do, you have been told to build, so build, but it says nothing about brick and marble. So the architect had the document corrected, he bought what he needed, and he began to hire builders. But again the guard stopped him: Let's go, citizen. The architect goes back to the shah once again: Your highness, he says, write me a decree so that I am in every way a shah in my own work. The ruler thought it over and refused: Forget about the castle, if everyone is a shah in his own job, then why am I the shah?"

It is good, is it not? We have already talked about the mechanism that drives the market economy—the movement of capital from one production grouping to another that is more useful and profitable. But the market for capital is not worth a plugged nickel if it is not possible to freely purchase manpower for those production groupings which are growing and flourishing, if all manpower has been monopolized by the shah or, in our case, by the state.

The possibility of a commodity market without markets for capital and labor is at best a theoretical error, and at worst a deliberate deception in order to calm society, to let off steam from a seething boiler.

L. Abalkin is right: the system we have and wage labor are incompatible. That, after all, is exactly what the "realists" have been writing. V. Yakushev, the ideologue of the realistic school, enumerates with maximum accuracy the conditions which are required for the market model to be able to operate: "They are the existence of detached private commodity producers oriented toward profit, competition, unrestricted pricing, a market for the means of production and consumer goods, and finally, a market for labor and unemployment." The "realists" consider these conditions unacceptable for us just as definitely as No 1 reformist L. Abalkin, member of the academy, and his school of economists. The common denominator of both schools is the preservation and reinforcement of the present economic system. They differ only in particulars. Today, they can call a truce. Aleksandr Prokhanov, the widely known "realist," even recommends "kissing and making up" (LITERATURNAYA ROSSIYA, No 1, 1990). This is indeed an appropriate case for that kind of embracing. Of course, the academy school is not all of a piece. The string of names drawn up by its opponents have rather arbitrarily included thinkers who differ widely in their views. But

even those with whom I definitely do not agree I somehow would not want to put in the same basket with their opponents, if only because the one group consists of broadly educated intellectuals, and the others make up for their lack of knowledge with aggressiveness in debate. However, as they said in ancient times, Plato is my friend, but the truth is dearer to me.

Footnote

1. K. Marx and F. Engels, "Sochineniya" [Works], Vol 4, p 438.

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Ultra-Right Opposition to Market Reforms Examined

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[Article by Yu. Rytov: "Right, Left, Which Side Is Which: Polemic Notes on the Position of the Opposition Calling Itself Ultraradical"]

[Text] The ardent words of Professor A. Sergeyev have been heard on several occasions at rallies organized by trade unions. Passionately lashing out at the "Soviet bureaucracy" and the union government, which is allegedly conniving against him, the professor bitterly complained of the monopoly in economic science, which deprived him of the possibility for making his views known to the widest masses.

But now we learn that while monopolies may exist here and there, they don't in economic science. The Mysl Publishing House just released ""Alternativa: vybor puti" [An Alternative: Choosing the Path], a hefty book edited by A. Sergeyev containing a lengthy article he wrote. The newspaper MOSKOVSKIY STROITEL described the details of the views held by Professor Sergeyev and his associate, Docent V. Yakushev. A few months ago Professor Sergeyev gave a report at the All-Union Scientific-Practical Conference on Economic Reform. And after that, a speech to the Constituent Congress of the RSFSR Communist Party. And quite recently, at the 28th CPSU Congress.

Thus we can now assess the professor's conception not only "from the mouth," as our parliamentarians say, but also "from the printed page," where every phrase is weighted and refined, and the author's ideas are enforced by the prestige of the Mysl Publishing House.

What is it that A. Sergeyev had to say to his readers and followers? We would naturally begin with his speech at the 28th CPSU Congress. Here the professor clearly classified three alternatives in the approach to solving political, economic and social problems—one conservative and two radical. Here is how his classification appears.

The first approach is conservative. Sad as this may be, it is the one of our government. This approach is described as a sluggish and stumbling slide of socioeconomic processes and structures down to a structure of economic inequality, the result of the first 5 years of perestroika. This approach is the basis for establishment of a real alliance between the shadow economy, the still-underground capitalists, and vestiges of the voluntaristic-bureaucratic system grasping for power.

As we can see, the government took a whipping. But not that bad. The second approach got even more of a whipping. It, this second approach, is openly reactionary and bourgeois-radical in the professor's opinion. The speaker is absolutely astounded to hear this approach referred to as left-wing and democratic, and at the highest party levels at that.

"Can it be said that they are left-wing?" the professor exclaimed. "Those who urge us today to legalize the shadow economy? Those who ask us to accept private ownership? Can it be said that they are democrats? Those who charitably agree not to try rank-and-file members of the party? I think that what we are really talking about is an ultra-right, radical, pro-bourgeois current in our sociopolitical life...."

Everything has become confused in the home of the Oblonskiys. The right, the left, which side is which? Everything is clear only to Professor Sergeyev and Docent Yakushev. And specifically, in their view both the first and the second approach are dead-end approaches. According to them, they obviously do not lead to an effective economy. According to them, they are advantageous to a so-called small group of people consisting mostly of talented pioneers (can you have untalented pioneers—how far can you get without talent?—Yu. R.). The bulk of the people, the professor continued, stand to gain nothing from this, neither in 15 months nor in 15 years. Having become a colony of sorts of the more-developed capitalist countries, in these cases the USSR will quickly travel a path from the status of simply a pauper to the role of a plundered pauper.

Oh, how graphically, how eloquently A. Sergeyev talks! Musing on the results of the party forum in the newspaper IZVESTIYA (No 198), the Soviet economist O. Latsis noted these properties of the professor: "I must say for truth's sake that even Sergeyev was applauded—many applauded him, he's a good orator."

O. Latsis cites the following phrase spoken by the professor at the congress as an example of his high orator's art: "...When a peasant wears out his pants in one place or another, he doesn't throw them out right away: He wears them until he finds new ones. We, in the meantime, have forcibly stripped our economy of its former economic mechanism, but no one can yet reasonably say when the new clothes will be available in place of the former trousers, and what sort they will be. Perhaps a Scottish kilt, or an Indian sari, or just a fig leaf...."

The professor spoke at the congress twice. The second time was in the section "Socioeconomic Policy." Relating the stenographer's report of this meeting, O. Latsis was astounded beyond words when he read those familiar statements once again: "When a peasant wears out his pants..." etc.

But we who have studied the creativity of Sergeyev and his associates down to the finest details—in rallies and in newspaper articles—have no cause to be amazed. It's always the same set of "classical," unfading formulas wandering from one speech to another, from one article to another.

But there was something new by the way in some of the newspaper publications. In MOSKOVSKIY STROITEL, V. Yakushev informed the reader about the CIA budget, which in his words is now \$4 billion. Two-thirds of that, the author asserts, is spent on secret operations against the USSR. These operations fall into the following order of priorities: political advice and recommendations; subsidies to individuals; financial support and "technical assistance" to political parties; support of private organizations, including businesses, cooperatives and so on; secret propaganda; "private" training of individuals and personnel exchanges; economic operations; paramilitary operations or political actions.

The next two paragraphs deserve to be cited in full.

"If we consider the amount of money allocated to secret operations and the nature of these operations, it becomes understandable why our parliament possesses a powerful lobby in behalf of a market economy, and why a number of informal organizations that are openly against socialism possess such sizable material resources and so much duplicating equipment.

"Of course," the author continues, "I am not at all saying that Academician L. Abalkin and his State Commission for Economic Reform are working under the CIA's direction, but the recommendations that come from this commission are directed for the moment not at improving the economy but at dismantling the system, at destruction; nothing constructive is being proposed. In the meantime there are scholars in the country who are proposing not destructive but constructive solutions..."

Let's leave aside the author's direct references to lobbyists working at the direction of the CIA. Let's turn our attention to the last sentence, in which the author declares without false modesty that his proponents possess constructive ideas. In what does their constructivism lie, besides in the already known discovery about worn pants? Let's once again return to A. Sergeyev's statement at the 28th CPSU Congress.

"...It is our conviction that the only scientific approach to developing a socioeconomic course is to rely on the process of material collectivization of production objectively unfolding throughout the entire world economy. This process is complex and contradictory, it sometimes moves in zig-zags, but all of the world experience of the

20th century, including of recent decades, says that this process is unstoppable. To assume a course under these conditions toward so-called denationalization, which upon inspection is found to be a primitive form of decollectivization, means figuratively speaking to lock horns with economic necessity. But the more the mass media monopolized by right-wing radical forces introduce, into the mass Soviet consciousness, stereotypes incompatible with its collectivistic essence..., the more abrupt forms the people's spontaneous leap in the direction of a choice adequate to October will take...."

As we can see, attempts to present constructive ideas are met again and again by rough abuse by "right-wing radicals" and with outright inducement of fear with references to "a leap of the people." The professor accused B. Yeltsin of pursuing an openly pro-capitalist platform and sitting solidly in a trap cunningly set by a faction of interregionals and Democratic Socialists. Going on to address the chairman of the USSR Council of Ministers, he exclaims: "Nikolay Ivanovich, are you still blind to the fact that a place has been prepared in this trap for you as well?"

And so we hear a familiar motive, do we not?: The Democratic Socialists are setting "traps," and the hand of the CIA is behind the Democratic Socialists!

No, the professor could not find time at the congress to present constructive ideas. However, this hardly means that they do not exist at all. They do, and how!

In an article with the eloquent title "The Banquet Should Not Go On!" (the reference of course is to the banquet of the "Soviet bureaucrat"—Yu. R.), A. Sergeyev enriches science with the new term "sovietization of the economy." What does this mean?

In the author's opinion the soviets of people's deputies are precisely the organs which possess the potential allowing them to directly realize the advantages of national property ownership. In turn, realization of the economic functions of the soviets requires fulfillment of two conditions. First, a return to councils of the national economy of the sort that arose in the first postrevolutionary years. Second, a transition from elections to the soviets on a territorial principle to elections on the basis of the principle of production, where the production collective would serve as the primary electoral unit.

What meaning does the author see behind such a system? The main function of the councils of the national economy would be to control the production ties of enterprises pertaining to the corresponding region: intrarayon ties in rayon councils of the national economy, intraoblast ties in oblast councils, and so on.

Such a solution to the problem, the author assures us, has fundamental advantages both over management of these ties by ministries and other central departments, and over "self-management" of enterprises in this sphere. The fact is that as specialization develops, so-called rear ties, upon which the work of the enterprise depends but

upon which it cannot have any influence, grow sharply. By as early as 1980 there were not less than 22,000 such ties having to do with product deliveries, per enterprise. The enterprise is unable to establish all of these contacts and mutually reconcile the country's interests alone. At the same time the possibilities of sector organs are also limited in this respect: With overall growth of the number of ties, the quantity of ties that are actually uncontrollable increases as well. "Dividing" control among councils of the national economy at different levels is the optimum solution.

And why is there a need for holding soviet elections on the basis of the principle of production?

The author offers this explanation. First, they ensure the closest relationship of the entire state and administrative apparatus with the labor collectives. This will make it possible to ensure that the apparatus of the economy's management would be highly accountable to the labor collectives, and in particular, it would ensure the competency of its workers. Second, an organic relationship is ensured between the state apparatus and the major public production organizations, primarily the trade unions. Third, only a close relationship between legislative, executive and administrative functions, which can be ensured by making the enterprise the principal unit of state development, can create the basis for real success in the fight against bureaucratic practices.

Thus, the author concludes, soviet elections based on the principle of production impart complete social, political and economic meaning to management through councils of the national economy, and they ensure unity of political and productive self-management of the people, and of state and public self-action functions. Apprehensions such as the suggestion that territorial interests would not be accounted for (only the interests of production would be) are groundless. You see, workers of any production operation are also residents of a given territory (this is excluding capitals and the largest industrial cities, in which the situation may vary somewhat). Who better than they, upon whose shoulders lie the responsibilities of both children and the elderly, know the true needs of all persons residing within a given territory?

That, then, is the conception. Assuming we do not fall under the spell of the magi of the bewitching words "self-management," "self-action" and so on, it is easy to understand what is behind it. Not only preservation but also consolidation of the authoritarian-bureaucratic structure of administration, and its penetration into all cells of our economic life. Discussing the complexities of economic ties, the author ignores one obvious truth: As a rule these are interregional ties. Consequently in order to manage them, we would need huge union and republic councils of the national economy, together with sector divisions, subdivisions and so on. Once again we would require a colossal management apparatus, which will gratefully accept the functions of ministries and departments. This is precisely how things happened in the late 1950s, during the times of N. S. Khrushchev's reforms.

And no system of elections based on production will be able to alter the situation: Our woeful experience has already confirmed that a swollen managerial apparatus is unmanageable.

One other interesting question arises: What functions of "self-management" (recall that Professor Sergeyev himself placed this word in quotation marks) are the enterprises themselves to perform?

We find an expanded answer to this question in an article by Docent V. Yakushev in that same collection "An Alternative: Choosing the Path." This author also formulates his antimarket positions with maximum clarity. Today in Soviet society, he declares, the level of development of productive forces is such that the market mechanism can no longer service them effectively. Its time has passed. We can return to it by agreeing to be satisfied with primitive production with primitive equipment, by rejecting technical progress. Modern productive forces in our country now require not a market but that same kind of competent administrative coordination which we wish to do away with.

And so, we have administrative coordination. The words seem new, but the essence is old. It's the same old centralized planning, the same old rigid subsidy of enterprises.

V. Yakushev says the following in this regard:

"The labor collective should be provided with only one planning indicator—the assortment of products it manufactures. On the other hand the conditions necessary for such production should be regulated by a system of standards—outlays of labor, raw materials, materials and energy, use of productive capacities, and so on. The effectiveness of a collective's activities would be determined by comparing the actual results achieved during production with the prescribed standards...."

Compare these two conceptions, dear reader. What is implied is obvious—a return to that same old powerful administrative-authoritarian machine. In making their appeals to public opinion, wittingly or unwittingly they are provoking strikes, inciting the people to anarchy, and disturbing normal economic life.

Who needs this? The CIA? Or simple Soviet people, whose well-being is protected so passionately by Professor Sergeyev and Docent Yakushev?

Unfortunately, outright "conservatives"—Democratic Socialists and interregionalists—are also playing into the hands of the extreme "radicals" in the face of these persons.

INVESTMENT, PRICES, BUDGET, FINANCE

Bank Official Sees Improvement in Financial Situation

904A0517A Moscow *EKONOMIKA I ZHIZN*
in Russian No 28, Jul 90 pp 6-7

[Interview with USSR State Bank Board Deputy Chairman A. Voylukov by P. Ushanov: "How Much Is the Ruble Worth?"]

[Text] Voices warning of a crisis in money circulation and of inflation are becoming increasingly more audible. At home and in the endless lines for the continually increasing list of scarce goods, the people are discussing the issues of the forthcoming price setting reform, and the money reform which in their eyes may be possible. So what is happening with money? How is the consumer market to be revitalized, and how is the ruble's diminished prestige to be regained? Is it really so seriously "ill"? This was the topic of our correspondent's interview with USSR State Bank Board Deputy Chairman A. Voylukov.

[Ushanov] Arnold Vasilyevich, let's begin with the main question. Your opinion as a specialist: Is the crisis embracing our money circulation really deep, and does it promise a gloomy future for us?

[Voylukov] Well, what we need to do is define what we mean by "deep crisis." It is a fact that we have an inconsistency between goods and money, one which has unfortunately been increasing until recent times. In some articles, we read that our money circulation is supposedly in such a bad state that we need immediate monetary reform. The figure they cite in this case is the remainder of the population's deposits in the Savings Bank, and they assert that this all represents unsatisfied demand. But this is not so! According to international yardsticks the level of the money accumulations of our country's population is not all that great. The ratio of the population's total monetary accumulations to the annual gross national product in our country is half that of, for example, the USA. Consequently the problem lies not in the hundreds of billions of monetary accumulations, but in incomplete satisfaction of current needs. This is precisely what is responsible today for the increasing complexities in monetary circulation. However, I can't label these complexities as a "deep crisis."

[Ushanov] Then why is the market so unstable?

[Voylukov] Serious structural disproportions in the economy's development are the cause. They have evolved over the course of many years, during which production of the implements of production—group "A"—was developed on priority at the expense of slower production of consumer goods, deliberately with the purpose of hastening creation of productive potential.

The issue of the economy's social reorientation naturally arose in the course of perestroika, but this will require a certain amount of time.

The situation has been complicated by the fact that in recent years wages have been allowed to grow at a rate significantly outstripping the rate of growth of production volume and the productivity of social labor. Additional unpredicted solvent demand arose, but the commodities necessary for its satisfaction were not to be found.

Now, however, in my opinion the situation is beginning to rectify itself gradually. The program to reorient production toward the consumer market is beginning to have an effect. Conversion of the defense sectors is playing an increasingly more noticeable role in this area. For example in the first quarter of this year the quantity of consumer goods they produced increased by 22 percent. In other words the rate is twice greater than at the end of last year. But there is of course a rather long way to go before we reach the rate of increase foreseen in the state plan.

The regulating tax that was imposed on wages also had positive results. It compels industry to "turn its face" toward consumer goods, production of which is not subject to this tax. And here are the results: In the first quarter of this year, production of nonfood goods increased by eight percent. We never witnessed such growth before.

In addition we abandoned the extremely ineffective means of fighting alcohol, and rectified matters in import purchases. As a result according to an estimate of the USSR Gosbank, in March-May of this year the population's income increased by 16.3 billion rubles, while expenditures increased by 18.3 billion rubles. That is, it is graphically evident that growth of expenditures absolutely exceeds growth of income by two billion rubles; moreover, this difference existed in each of the indicated months. This happened for the first time after the wage reform was started.

[Ushanov] However, the people are trying to rid themselves of "unreliable" money, and they are purchasing goods for profit.

[Voylukov] As I see it, a "flight" from money isn't happening. There is a race for goods, and, in my opinion, primarily for the basic necessities. This situation is explained by our market's instability, which is associated directly with the consumer's lack of confidence in trade and production, which periodically shut down. People are uncertain as to whether they could find the goods they need in the store tomorrow without any problems, and so they are buying them just in case. There is one other factor that we should add here: This is the time of "peak" sales, when most of the population is renewing its durable goods. According to our estimates, last year, which was so unfavorable to our economy, was precisely

the time of such a "peak." It was at this time that the people's income surged upward. We found ourselves unprepared for this.

There is of course uncertainty in money among a certain fraction of the population possessing sizable monetary accumulations. Evidence of this can be found in the sharp rise in purchases of gold articles. To a certain degree, investment of money in valuables is a means of hedging against devaluation of the ruble due to inflation. However, the amount of gold being sold is relatively small. This is not causing a decrease in the population's deposits into the Savings Bank, which once again suggests that a "flight from money" isn't happening. Last year the growth of deposits into the Savings Bank was 41 billion rubles, while in January-May of this year it was as much as 16.0 billion. This is seven billion rubles more than in five months of last year. Thus the dynamics reveal a stable trend toward growth in deposits—both absolute and relative.

[Ushanov] Nonetheless, we sometimes encounter the point of view that our significant accumulations in the Savings Bank are a "time bomb" suspended above money circulation.

[Voylukov] The increase in deposits into the Savings Bank is of course elicited in part by a shortage of goods. But I personally can't look at the entire 354 billion rubles in deposits as demand deferred due to a shortage of goods. People often simply save money to acquire goods and to maintain the standard of living to which they are accustomed after they retire, to help their children, and in the event of any unforeseen circumstances. Deposited assets do not lie around as "frozen capital": They are constantly working. It would be sufficient to say that each year a third of the total deposits held on account at the beginning of a year and brought in during the year are withdrawn. In 1989, 160 billion rubles were withdrawn. All of this money was put into circulation, but it was more than compensated by new deposits entering the accounts.

We should also consider that many families save money for a long time—for 10 years or more to buy a car for example. And our people are also forced to save money for more modest articles as well—for example coats, jackets, and other elementary clothing articles.

Without a doubt the citizens have money which they can't spend because of the absence of the needed goods. But in my view we have an incorrect understanding of the magnitude of this unsatisfied demand. For example, the USSR Goskomstat [State Committee for Statistics] cites a figure of 165 billion rubles. This sum is overstated. If we consider the dynamics behind growth in prices, demand and the financial possibilities of the individual in today's conditions, then out of the entire

sum of deposits, unsatisfied demand is not more than 60-65 billion rubles. Cash on hand in the population is spent for the most part from paycheck to paycheck for everyday needs. Some cash also represents the normal savings of those citizens who do not use the services of the Savings Bank for various reasons. And only part of this cash, around 35-40 billion rubles according to estimates of specialists at the USSR Gosbank [State Bank], is pocketed by the population because it is unable to find the needed goods. This last sum may be called "hot money." Thus the aggregate unsatisfied demand may be estimated at 100 billion rubles.

[Ushanov] Does this mean that if we "tie up" these 100 billion rubles, inflation would disappear in our country?

[Voylukov] I would have put the matter differently. We have evolved the persistent stereotype that inflation can only bring harm. However, a low level of inflation, within controllable limits, is no danger to the economy, and it is a completely normal phenomenon. Moreover, world experience graphically demonstrated that if inflation is accompanied simultaneously by indexing of wages and other income, it stimulates growth of labor productivity, and in this aspect it plays a positive role. However, the inflation rate must be calculated very precisely, so that it could be kept under control. Uncontrolled, erratic inflation, which leads to a decrease in the standard of living, is another matter. In general, when we talk about inflation we need to consider devaluation of all exchange instruments. After all, in the sphere of cash and money circulation, inflation is only the tip of the iceberg, and everything else that brings this tip into being often remains invisible.

[Ushanov] Considering that money circulation, both cash and otherwise, is the same thing, what in your opinion is the role played by factors such as the state budget deficit, unsuccessful reorganization of the credit system and so on in inflation phenomena in the consumer market?

[Voylukov] Doubtlessly money circulation is an integral phenomenon, and therefore all of our economic problems, and particularly the state budget deficit, have an influence on the status of the consumer market. However, it must not be forgotten that many countries face budget deficits today, including industrially developed Western states such as the United States of America, Great Britain, France and so on. In the meantime the governments of these countries have managed to "bridle" inflation even in the presence of this deficit. Consequently, paying off the national debt is not an end unto itself. What we need to do is learn how to manage it competently. In this connection the priority task is to formalize the national debt and on this basis create a state securities market, which should be under the control of the USSR State Bank.

REGIONAL DEVELOPMENT

ESSR Government Protests Creation of Intersectoral Association

904A0515A Tallinn SOVETSKAYA ESTONIYA
in Russian 19 Jul 90 pp 1, 3

[Article by Chairman of the Government of the Estonian Republic E. Savisaar: "The Point of View of the Government of the Estonian Republic on Creation of the Integral Association"]

[Text] On 2 July of this year Deputy Chairman of the USSR Council of Ministers Lev Voronin signed Order No 1045r of the USSR Council of Ministers, in accordance with which union enterprises located on Estonian territory are converted into the Integral association directly subordinated to the USSR Council of Ministers. This association was removed completely from state control by the Estonian Republic and its legislation, economy, money circulation, banking system, taxes, prices and budget. The association is supplied directly by Moscow. The charter of the association and its chairman are approved by the USSR Council of Ministers.

The Government of the Estonian Republic believes that the order of the USSR Council of Ministers establishing the Integral State Intersectoral Association on Estonian territory conflicts with Estonian law as well as with USSR law, including the USSR law on the budget for 1990 and the USSR law on the economic independence of the Lithuanian, Latvian and Estonian SSR.

The order's conflict with the 27 November 1989 USSR law on economic independence of the Lithuanian, Latvian and Estonian SSR is expressed in the following facts:

1) According to Clause 1, Article 1 of the 27 November 1989 USSR law, reorganizing the social and economic system was placed completely in the hands of the republics. In reality Order No 1045r changes the social, economic and administrative structure of the republic without coordination with government and administrative bodies of Estonia. All-union enterprises possess 59 percent of the republic's productive capital and 33 percent of its productive personnel, and they provide 29 percent of commodities and 33 percent of profit. But if we consider the entire diverse and practically unlimited list of enterprises and institutions which are to be joined together into Integral in accordance with the law, it becomes evident that an attempt is being made to seize an even larger share of the republic's economic, social and cultural sphere. Such a large part of the economy cannot be viewed as a single enterprise, or as a production and economic complex whose creation would be within the competency of the corresponding labor collectives and would not infringe upon the economic integrity and sovereignty of the republic;

2) in accordance with Clause 3, Article 1 of the law, economic regulation of the activities of all industrial

sectors and economic facilities located in the republic is within the competency of the republic. Order No 1045r transfers economic regulation of the activities of a large share of the enterprises (economic facilities) to the new Integral association subordinated to the USSR Council of Ministers. This in fact creates an extraterritorial system not under the republic's control, making comprehensive development of the republic's economy impossible;

3) according to Clause 5, Article 1 of the law, formation of the system of the republic's state income in correspondence with legislation of the republics and the USSR is within the competency of the republics. The order foresees creation of the Integral association's own separate banking system, and through it, organization of the financing of state enterprises, in the absence of any kind of control on the part of the republic, which makes formation of the republic's system of state income and financial relations with the all-union budget foreseen by law impossible;

4) according to Clause 7, Article 1 of the law, all control of the republic's foreign economic activities is within the competency of the republic. Order No 1045r takes a large part of such activities out of the competency of the republic, inasmuch as the Integral association is granted the right to organize its own foreign economic activities, in circumvention of state government and administrative bodies of the republic;

5) Article 2 of the law foresees that all-union ministries, committees and departments will transfer currently existing all-union enterprises to the jurisdiction of the republic on the basis of an agreement between the governments of the USSR and the Estonian Republic. Order No 1045r actually annuls this all-union law, inasmuch as its first clause notes that the all-union enterprises in Estonia are included in the association, while Clause 2 states that they retain their departmental subordination;

6) in addition Order No 1045r ignores the principle of decentralization of the economy's administration, and it even foresees covert expansion of the all-union system of subordination. Membership in the Integral association is also permitted to enterprises not presently under union subordination, irrespective of the form of property ownership—that is, kolkhozes, cooperatives, public organizations and so on. Inasmuch as Integral is itself directly under union subordination, these enterprises also fall under all-union or dual subordination.

Article 3 of the new all-union law on USSR enterprises adopted on 4 June, which deals with the right of enterprises to join together into business organizations, concerns and other associations on a sector, territorial or other basis, states that antimonopoly requirements established by legislation of the USSR and the republics must be accounted for in this case. But Order No 1045r creates a unique monopolistic, purely administrative, branched formation with unlimited functions, having

the potential to monopolize control over the entire economy over a very large part of Estonian territory. Considering the list of all of the economic, scientific and cultural spheres that are to be included under Integral's centralized control, a fully realistic possibility for this does arise. It is not difficult to note that the order is an attempt to include, within the subordination of a single monopolistic economic organization—the Integral association in this case, a large part of Estonia's territory, population and economy, over which the Estonian Republic will exercise state power in name only.

The economic absurdity, irrationality and legal incompetency of the planned idea of an association is driven solidly home when we conduct a mental experiment and extend this administrative principle to the republics of the USSR. In this case similar associations of all-union enterprises should also be organized in other places. That is, besides the Estonian Integral, there should also be the Georgian Integral, the Ukrainian Integral and so on, including the Russian Integral. In this way we would end up with 15 territorial associations of all-union enterprises, and then a union of all all-union enterprises would arise. The result of this would be yet another long-lasting, bitter lesson demonstrating that the solution to our current economic difficulties lies not in administrative reorganizations but in real change of the economic base: denationalization, transition to a diversity of forms of ownership, competition and a market economy regulated sensibly and only by means of legislation.

From an economic point of view the Integral institution is a spasmodic attempt at blocking fundamental economic reform, creating an obstacle to decentralization and denationalization (privatization), and preserving the union subordination of enterprises and the unshared extraterritorial power of central departments. Attempts are being made in this way to create a unique closed region in which life could proceed according to the old rules of the authoritarian administrative and distributive economy, with no concern for the manner in which reestablishment of the independence of the Estonian Republic or democratization of the economy in the USSR is developing.

In legal respects what we have is the creation of an alternative structure of power and destruction of Estonia's integrity, which was something that a group of imperialistically predisposed deputies sought in their 26 May meeting in Kohtla-Järve. The Integral association is essentially only a state administrative body. Voluntary unification of enterprises, associations and organizations on the basis of contracts is not the basis of its origin: It is being created from top down by edict. The powers, rights and functions of the association are not delegated to the enterprises making it up; instead, they are placed within the competency of the USSR Council of Ministers.

Creation of Integral is an attempt to block the process toward Estonia's independence and heighten tension in

the society. In the future, an economic association created on the basis of the territorial principle may become a base for establishing administrative-territorial subdivisions that would be, at best, autonomous in relation to the Estonian Republic, and which would have its contacts not with Russia but directly with the so-called "center."

A number of other resolutions of the city soviets of Kohtla-Järve, Sillamäe and Narva, the raising of the question as to who owns the territory of the Sinimäe rural soviet, and creation of an Interregional Soviet of Deputies and Delegates of Labor Collectives in Kohtla-Järve, one of the two houses of which consists of delegates of labor collectives which in their majority are obviously in Integral, also belie an aspiration to create an administrative-territorial formation.

The government asserts that creation of the Integral association will result in a situation where organizations in Integral will not be affected by the economic levers operating in the republic (taxes, prices, wages, credit, budgets), and where problems with the state budget will arise. Estonia's state budget will lose up to 230 million rubles per year, which will create the need for reducing expenditures from the state budget, and chiefly at the expense of Integral itself, inasmuch as the enterprises it contains will not pay anything into the republic's budget. This would mean stopping payment of subsidies on food and commodities, housing, municipal transport, medical services and so on, termination of financing of the social sphere, and freezing of state capital investments. Obviously such steps would evoke dangerous political opposition from a certain faction of the Russian-speaking population. It seems as if this is precisely what imperialistically predisposed political forces are striving for, demagogically referring in this case to "...proposals of union-subordinated enterprises and organizations" (Clause 1 of the order). In fact, most enterprises possessing Russian-speaking labor collectives have categorically rejected entry into Integral to this moment.

The Government of the Estonian Republic feels that creation of the Integral association significantly violates Estonia's political and economic sovereignty, disturbs the territorial integrity of the republic, and is a concealed attempt at establishing a sanctioned economic blockade which would create conditions in Estonia that are even more difficult than those in the Lithuanian Republic during the economic blockade.

The Government appeals to the Supreme Soviet of the Estonian Republic to suspend Order No 1045r of the USSR Council of Ministers dated 2 July 1990 on the territory of the Estonian Republic, and in the event that the Integral association continues in its activities after suspension of the order, to apply sanctions through the resources at the disposal of state and government organs of the Estonian Republic. We also feel it necessary to explain to deputies that the consequences of the activities of the association may be in conflict with the promises and officially declared goals of its organizers.

The Government appeals to the USSR government to officially proclaim L. Voronin's Order No 1045r invalid as a document conflicting with USSR legislation presently in effect and the principles proclaimed by the reform policy, and as a document signed by a person exceeding his authority.

The Government proposes that the governments of the USSR union republics begin political consultations in order to arrive at a joint assessment of one more attempt by the "center" to firmly establish dictatorship of the departments, union subordination and the state form of ownership.

The Government appeals to the world community to express a clear attitude toward the attempts by the USSR to halt Estonia's process toward independence and democracy, and to replace the legal government by a puppet government obedient to Moscow, the objective of which would be to exercise central authority by way of a no longer concealed colonial policy.

Chairman of the Government of the Estonian Republic E. Savisaar, Tallinn, 11 July 1990

Uzbek Chairman Discusses Need for New Economic Relations With Center

904A0499A Tashkent EKONOMIKA I ZHIZN
in Russian No 5, May 90 pp 2-11

[Article by Sh.R. Mirsaidov, chairman of the UzSSR Council of Ministers: "Economic Independence: Ways of Achieving It"]

[Text] Profound changes are occurring in Uzbekistan's socioeconomic life. The drafting of a strategy for the republic's future development is bound up inseparably with evolution of the qualitatively new system of the economic mechanism that will fully satisfy the urgent needs of Uzbek SSR and its people. The need to work out and implement in economic practice fundamentally new tools, forms, and methods for management of social production arises entirely from the course that has been adopted toward reorientation of all economic capabilities and resources for attainment of the main objective—a real improvement of the prosperity of all strata of the population and a sharp rise in the level of its social welfare protection.

The urgency of this task is particularly great under the specific conditions of our republic because the command-administrative method that took shape over decades in management of the economy and the social sphere and the dictate of the Center and of sectoral ministries, which caused quite a bit of trouble in the country's other regions as well, literally had disastrous consequences in Uzbekistan in almost all the spheres of life, distorted socialist principles of management and economic activity in the most flagrant way, undermined the economic foundation, restricted resource capabilities and the scientific-technical potential, and ultimately

made the social situation much more acute, destroyed the ecological balance, and pushed the economy down the chute into crisis.

The progressive impoverishment of the overwhelming majority of the people, the decline of ethical principles in the attitude toward work that has occurred before our eyes, and the loss of ethnic, spiritual, historical, and cultural criteria and values built up over the centuries, if we are to call things by their right name, have been the direct consequence of the defective methods of managing the processes of the republic's economic development. They in turn have led to a rise of crime, especially among young people, a rash of increasingly severe and acute conflict situations between certain population groups, and irreplaceable moral and material losses.

A slowing down of the growth rates of production and a drop in production efficiency, and a widening of the gap in the level of the population's material and social benefits compared to the country's other republics and regions were a visible manifestation of the distinctly adverse trends in the economy. The growth rates of the gross social product that have been recorded in recent years are the lowest in the more than half a century of Uzbekistan's economic development. The growth of the per capita national income produced even in the extremely difficult years of the war and subsequent economic recovery, 1941-1951, exceeded 44 percent, while in the current decade it was only 12.5 percent. Whereas in 1940 housing per capita was only 0.5 m², or 6 percent behind the union level, now the gap has increased to 3.6 m², which is all of 33 percent.

The relationship between the republics and union-average indicators of real personal income, consumption of material goods and services, sales of consumer goods, payments from social consumption funds, and other parameters of the standard of living has also deteriorated significantly in recent years.

It is entirely legitimate to put the question—and that is what people are doing: How could a republic that is distinguished by its favorable natural and climatic conditions, which possesses rich minerals and raw materials, which has an advanced scientific-technical and production potential, inhabited by an industrial people, have ended up, to put it straight, on the verge of ruin?

At this point, we immediately need to state frankly that this discouraging result could not have been arrived at in a year or two, as the result of certain wrong decisions that happened to be made. All of these adverse trends in socioeconomic development took shape and matured over a lengthy period when the economy seemed to be functioning favorably from the outside and there was a showy stable "prosperity." The disastrous result became the logical consequence of the joint impact of a number of powerful destabilizing factors.

Above all, economic and sociological analyses and projections actually neglected demographic problems, which under Uzbekistan's regional conditions had

become extremely acute long ago. I am referring to the steady high population growth rates—2.5-3 percent per year over what amounts to more than half a century now. For sake of comparison, I might mention that such republics as the Ukraine, Belorussia, Moldavia, the entire Transcaucasus, and the Baltic republics, taken together, produce a smaller natural population growth than Uzbekistan. And over that entire period of time we did not draft a single program that was really thought through from every angle and balanced in order to guarantee employment and effective utilization of the growing labor resources and satisfaction of the social needs of the population.

During all those years, not a single ruble was earmarked at either the union or republic level to solve this exceedingly acute socioeconomic problem, in spite of the potentially high rate of recovery of the costs of solving it.

What does this kind of "social" (if we can call it that) policy indicate? Not only an absence of true humanism, of elementary attention to people's needs, but also of scandalous mismanagement, indifference to the problems of effective economic development. This is what we see as the concentrated essence of command-administrative methods of management.

We have no right today to forget that behind the generalities about the defectiveness of the command style stand specific leaders of the republic during those years, whose entire energy was concentrated on noisy campaigns—now it was to achieve record corn yields, then for self-sufficiency in meat, then for reaching the target of seven million tons in cottongrowing, then to transform Uzbekistan into the country's main source of gas and gold. And in all that uproar they completely forgot the people and their real needs.

In the scramble for empty glory and approval of "the comrades upstairs," they uncritically accepted and took to the point of utter absurdity the lines of production specialization sent down from the Center, and this resulted in distortions in the economic structure, while resource capabilities and environmental limits were exceeded. This has been spoken about repeatedly, but I would like to give just one example. Over the last 30 years, almost all the growth of the republic's industrial production has been achieved through the raw material and resource sectors of the cotton ginning and fuel industries and ferrous and nonferrous metallurgy. Consequently, their share has reached 60-65 percent, whereas the share of machinebuilding and metal manufacturing rose less than 2 percentage points over that period and represent slightly more than 16 percent.

Unsound and economically inefficient interregional relations in which raw materials and intermediate products are taken out of Uzbekistan and equipment and finished products are supplied along with other resources have become like a malignant tumor on the republic's body. Is it normal when almost a third of the republic's needs for consumer goods are met from outside the republic?

We can say with a full sense of responsibility that most of our painful economic problems today—from unemployment to the budget deficit—arise from those incorrectly chosen lines of the republic's development, which were in turn the result of rigid centralization of guidance of the economy and disregard for such fundamental requirements of the objective economic laws as interrelatedness and balance.

It would be incorrect to assert that no one in the republic called attention to these distortions. Many honest and competent people pointed to them quite often, but attempts to take a sound approach to working out the lines of Uzbekistan's economic and social development were quite often perceived in the Center, and indeed even by the republic's leadership, as localism, they were said to ignore the priorities of the entire union and they met with direct pressure and limitations of centrally allocated funds and resources.

It is unfortunate, but in the interests of truth we also have to say that many of our leading scientists were by no means always up to what they should have been, quite often trying to be, as the people say, "more holy than the imam himself," that is, to prove that even the most fantastic projections of the Center—even they could be exceeded. Even quite recently, only seven or eight years ago, any absurdity that came down from above, the unending growth of cotton production in Uzbekistan or rice in the autonomous republic, for example, was "scientifically substantiated" in the writings of highly respected members of the academy.

How has the system of relations between our republic and the Center been structured? Union planning and financial authorities, concerned about the problem of shaping the country's physical-value balances and budget, literally imposed on the regions the required targets within a framework of the lines of nationwide specialization established for them. And the resources allocated to the union republics were sufficient as a rule only to meet those targets. Other problems in the comprehensive development of the region—and they mainly concerned the social sphere—were not backed up with the necessary funds and resources in the required amounts, and here the residual principle was practiced in the full meaning of the word.

The republic budget was shaped in exactly the same way. In keeping with the desires of officials of the union-level Minfin, first the level of social welfare adequacy relative to population was determined, and then income was "fitted" to it, and by no means the same approach was taken to different regions, although there was no clarification at all as to the reasons for this. That is why today there is a 1:2 and higher spread from region to region of the country in the level of social benefits relative to population.

Unfortunately, there have been no radical changes even during the recent developments in the planning and financing of the economy. These changes, it must be

frankly stated, have so far been limited only to cosmetic gestures. Let us recall what a fanfare there was quite recently for introduction of the so-called innovations like the state order, wholesale trade, negotiated prices, free trade, and so on. And what happened in practice?

As a matter of fact, for certain regions and republics these innovations made it possible to increase the inflow of physical goods, which were obtained practically without any additional effort. It is a different matter with republics like Uzbekistan that have a clearly pronounced specialization in the nationwide scheme. For us, the state order for cotton and other products, for which there is an unlimited demand on the union and world markets, covered the entire volume of production and even included above-plan output. And that means that our entire output was until recently distributed in union agencies, and they did not even inform us as to what consumer or what country it was supplied.

What is unfair about that kind of procedure? First of all, because the state order covers 100 percent of our output, other republics receive it as though it did not come from Uzbekistan, but directly from the Center, and we are deprived of the opportunity of concluding direct contracts with them and of obtaining the goods we need. We are also forced to obtain those goods from the Center. Second, we receive all the products we need, even those produced from our own raw materials, in insufficient amounts and after lengthy entreaties, since the level of the state order for them does not exceed 50-60 percent, and the supplier-republics prefer to deliver them through direct relations. Uzbekistan does not have that opportunity. That accounts for our difficulties in the material supply of the economy, in supplying the population, and that in turn accounts for the country's lowest level of consumption of foodstuffs, especially meat and milk.

But even that is not the whole story. The republic today receives only about one-fifth of the deductions from profit of the numerous industrial enterprises under union jurisdiction that are located on its territory, even though it is they that are producing the lion's share of total output. Uzbekistan is allocated less than half of the state taxes collected from individuals, state customs duties, proceeds from state loans, and payments of cost-accounting banks. What is more, we are completely deprived of the republic's legitimate share of collections of the turnover tax on products produced from our raw materials in other regions of the country. After all, even the minimal calculations show that this could amount to almost two-thirds of the total amount of revenues of the present republic budget.

Thanks to manipulations of that kind by the union Ministry of Finance, which have now been legitimized, Uzbek SSR has for several years been among the republics with a subsidized budget. What does this mean in a language that everyone understands? Well, simply that according to the notions of union authorities, Uzbekistan is a commonplace bankrupt which on grounds of philanthropy receives annual money support from the

union pocket. The republic authorities and indeed essentially the entire population of the republic have thereby been placed in the demeaning position of beggars.

Yet in actuality, according to the most conservative calculations done by the republic's finance ministry, Uzbek SSR in 1990 alone, which receives a subsidy, or as it is now fashionable to call it, a "subvention," in the amount of 3.1 billion rubles, turns over to the Center without compensation about 9 billion rubles for redistribution.

What general conclusion suggests itself following an unbiased analysis of the present system for guidance of the republic's economy and social sphere? The answer here is unambiguous: While verbally the government and other republic authorities have been declared to bear full responsibility for comprehensive socioeconomic development over the entire territory, the republic has actually been deprived of the most necessary rights and powers to perform that task and has been placed in an unequal position relative to other republics and regions. In other words, soil has been artificially created for exacerbating interrepublic—and thereby interethnic—relations. And the economic levers, that is, the real economic power, have been concentrated still more in the Center.

My purpose in speaking about this frankly is only to make it clear that Uzbekistan's starting positions have not been in line with those of certain other regions of the country with respect to transition to the new economic system. This discrepancy, incidentally, has been acknowledged both by union authorities and also by other republics. What is more, in the course of conscientious and frank discussion we proved that our republic's lag in the starting conditions is not entirely the fault of the republic itself, of the poor quality of its work, as certain scientists remote from real economic practice attempted to assert. There is no longer anyone today who has to be convinced that the relatively low level of Uzbekistan's social services and development of production reflect in concentrated form the fundamental vices of the system of directive management of regional development that was in effect until recently.

Now it is clear to everyone: We cannot go on that way any longer. Reality has itself put on the agenda the task of creating a qualitatively new mechanism of relations between regions and the Center with a renewed Soviet federation, a mechanism that would meet present-day requirements for economic and social development. It would seem that everyone understands the extreme complexity of this problem: After all, not only is the economic situation extremely grave and aggravated to the maximum by social problems and the absence of practical experience in solving them, but we also have to act within extremely limited time constraints.

While we are fully aware of the need for comprehensive development and definition of our own strategy for achieving economic independence, one that would meet

as fully as possible the specific conditions and peculiarities of our republic, we must nevertheless be very painstaking in understanding the conceptions and approaches proposed by union authorities and also those being adopted in other republics so as to take from them everything that is worthwhile.

How do certain specialists of central economic agencies look upon the economic independence of the union republics?

If we cast aside the details and look at the essence of this conception, it comes down only to a certain expansion of a number of sectors making up the so-called "republic economy," as well as assignment to the republic of certain additional sources of formation of national income—speaking frankly, these are sources of second order. What is more, even that minimal expansion of the rights of the republic is nullified by the schemes proposed for taxation and certain other pieces of legislation.

To concur in those proposals would for our republic mean concurring in perpetuation and accentuation of a status of disenfranchisement, and the result would be that Uzbekistan's lag in the standard of living of its population would become progressively worse. Our entire experience up to this point leads to the inescapable conclusion: the republic's relations with the Center, just as with other regions, must be structured exclusively on a strictly equal basis, and there must be a balanced distribution of mutual rights and obligations. The most important problems here of choosing the lines of future development and forming sources and resources to carry on our own lives must be solved independently by the republic.

It would seem at first that this is the approach that has been chosen by the Baltic republics. After all, the mechanism they have adopted envisages separation from the country's unified national economic complex. Their model is built on completely free choice of economic partners, creation of their own monetary and financial systems, and an accelerated transition to market relations in the shortest period of time. At the same time, that model's originators are confident of its viability because the standard of living of the population is sufficiently high at the present time, the production base is stable, and the Baltic republics have an advantageous geographic position. We should note here in passing that both the highly developed production base and the relatively high standard of living of the population there were the result of the joint efforts of all the Soviet peoples, including the people of Uzbekistan.

What can be said about this model for restructuring the economy? It is difficult today to determine with confidence how strong such premises are over the long run and to what extent they will be able to offset the immense losses from leaving the union complex, which would run into tens of billions of rubles. In any case, our

republic's specific conditions are quite different, and that in itself makes the Baltic model seem utterly unacceptable to Uzbekistan.

Since reality has so far not offered other conceptions, that makes it all the more relevant for us to have developed an intention in the republic from the very outset of perestroika to work out our own mechanism for guidance of the economy and the social sphere without copying other approaches.

We do not want to be misunderstood. Our intention to work out our own model was dictated not by any sort of localistic ambitions, not by a desire to be original, but by a profound awareness of the need to bring about conditions for the confident and efficient operation of all the components of management. Finally, we have a duty to build a progressive economic mechanism capable of leading the republic out of crisis and of ensuring the stable and confident rise in the standard of living of its people. It is no secret that people have become tired of the numerous reorganizations, of hasty and half-baked decisions, which have followed one upon the other and have not brought about an improvement, but have exacerbated an already problematical situation.

At this point, we need a fundamentally different approach: We need to take everything that is valuable, everything suggested by the people's experience, we need to open up the possibility for appreciation and conceptualization of the most differing, even in some respects contradictory, viewpoints and opinions, we need to pluck from them the rational and constructive kernel and on that basis not simply make the next in a long line of decisions, but select a major approach which will be approved and supported by all strata of the population.

I would like to emphasize at once: This posture is unconditionally incompatible with dilettantish appeals and declarations designed for an external effect. A sincere desire to get the republic on the road which its industrious people deserves must be combined with the highest professionalism.

What do we see as the basic points of departure on which the republic's transition to economic independence should be based?

First, Uzbek SSR has the status of a sovereign state within the Union of Soviet Socialist Republics, organized on federal principles;

second, the republic's natural resources, including the land, reserves of precious and nonferrous metals, other minerals, fixed capital, and cultural and historical values, are the property of the peoples of the republic;

third, Uzbek SSR exercises its sovereign rights to conduct an independent social welfare and economic policy and guarantees preservation of ethnic identity in economic and cultural life;

fourth, the republic independently forms economic relations with other union republics, with the Center, and with foreign countries on the basis of equivalence and mutual benefit;

fifth, with every means at its disposal the Government of Uzbek SSR is working to strengthen the economic rights of work collectives and individuals and is providing social welfare protection in every way to the public, especially its strata which are not well-off.

The entire set of interrelated measures to achieve the republic's economic independence must become the key factor in accelerated and highly effective socioeconomic development and must create the basis for performing the following exceedingly important tasks of the state:

- concentration of the republic's resources and capabilities on solving the immediate social problems and improvement of the prosperity of the population;
- economic recovery on the basis of optimum use of the existing natural, production, scientific-technical, and demographic potential;
- improvement of the structure of social production with due appreciation of regional conditions and present-day trends in the union economy and world economy;
- invigoration of the people's creative energy, application of new sources and factors of economic growth to production activity, awakening in the workers a real sense of being owners, overcoming their alienation from the means of production and the results of their work.

If we are to finally translate slogans about republic sovereignty from the rhetoric of the political rally into the terms of real tasks, then let us see exactly what we mean by words that are now so popular like the republic's economic independence, self-government, and self-financing. After all, these are not just economic terms, they are also political concepts. In our view, the economic independence of the republic means the real sovereignty of soviets of people's deputies at all levels as the principal unit in the self-government of the people—the true master on its own land. Self-government presupposes exercise of the rights and discharge of the responsibility of the republic in independently solving all the problems of the economic and social development of its territory on the basis of direct and vigorous participation of the population in making economic decisions. At the same time, the entire system for management of development is structured on the principles of democratization and decentralization.

The republic's self-financing is based on its complete independence in choosing the directions in which its own funds which it has earned and other permanent sources of income are to be used.

There is no question that the principles set forth above, pursuant to consultations of Uzbek SSR and the Karakalpak ASSR, extend fully to the autonomous republic.

Our fundamental position on Uzbek SSR's entering the renewed federation at the union level, and consequently the unified national economic complex of the country, makes it necessary that we clearly and thoughtfully delineate republic and nationwide property and the rights and functions of union and republic management components and relations between them. The republic's economic independence presupposes that we work out qualitatively new approaches to the problems of planning and financing the economy, pricing, material and technical supply, and organizing trade in products and resources. Clear definition of the concept of ownership is in our view the central issue here.

It has to be said that frequently the term is given a most contradictory meaning, as the economic content of ownership is confused with its legal forms. Differing points of view are encountered—from appeals for establishment of the dominance of private ownership to the desire to preserve at any price the present level of governmentalization of the economy, even if it is inefficient. We are deeply convinced that today we need to develop the entire range of forms of ownership in keeping with the real interests of the workers.

Finally, and in this respect we cannot completely copy approaches adopted in certain other regions—for example, in the treatment of land as a piece of property. Under our specific conditions, after all, irrigated land is the region's main resource, the wealth of the people in which the labor of many generations has been invested. That is why land in Uzbekistan is public property and it would be altogether incorrect to equate irrigated land and land as such in its natural state. But taking a broader approach to this issue, we should emphasize that our fundamental position is based on the need to recognize public ownership of all the most valuable elements of national property.

It is above all a question of natural resources—land, minerals, water resources, which may not be sold or put up as collateral. In addition, public buildings, installations, equipment, stocks of merchandise and supplies, financial resources, securities, scientific, managerial, and other information, patents, other property of enterprises and organizations and of sectors of the economy under the direct jurisdiction of republic administrative agencies must be the state property of the republic.

Historical and cultural monuments of the nationalities inhabiting Uzbekistan, reserve funds, insurance funds, and other funds of the republic, and the resources of the republic budget must also be republic property.

In connection with the redistribution of powers, a new type of state ownership is being identified—municipal ownership, that is, public ownership of the population of each specific area—the oblast, the city, the rayon, the kishlak, and this property is managed through the respective soviets of people's deputies.

We must emphasize that this treatment of ownership differs somewhat from that adopted in the USSR law on

this subject, and this is dictated by the specific conditions of our republic and by the interests of its population. To be specific: As we see it, the republic's natural resources do not belong to the union. This was supported in the First Session of the UzSSR Supreme Soviet, new convocation, and the republic's leadership will defend and achieve recognition of this at the union level.

We are already taking the first steps in this direction. Gosplan is today working out proposals concerning the stage-by-stage transmission to the republic of the rights of ownership to a broad group of enterprises in heavy industry on the basis of the economic advisability of this step. In the first stage, the republic economy would absorb those enterprises in machinebuilding, metallurgy, the chemical industry, and other national economic complexes whose products participate directly in pursuing the lines of Uzbekistan's economic development and which in addition today have a rather strong scientific-technical base and prospects for expansion of their participation at the union and world levels.

The enterprises being taken over into the republic economy will first of all be those whose production processes are entirely based on local natural resources. There is no question that consideration will also be given to the "state of health" of these enterprises, that is, to the question of whether they meet present-day requirements.

As a result of these projected transformations, the share of the republic economy in industrial output will rise from 67 to 75-80 percent. Enterprises and farms in the agroindustrial complex, the service sector and the social infrastructure will almost entirely pass over into republic jurisdiction.

The functioning of all enterprises remaining under union jurisdiction, but located on the territory of the republic, will be organized on the basis of a contract, whose terms and conditions will strictly stipulate and compensate the republic for their use of land, water, and labor resources, minerals, and so on. In this connection, we consider it proper to include in union property on the territory of the republic enterprises, associations, and organizations in the defense branches of industry, nationwide electric power, railroad, air transportation and pipeline transportation, information and communications systems, USSR general construction ministries, and also the assets of union funds—reserve funds, insurance funds, and other funds located within the republic.

Now that we have made a clear commitment in property relations, we also need to make a detailed and thorough examination of another set of interrelated measures determining the possibility of the republic's transition to economic independence. I am referring to radical changes in the entire system of national economic planning, by which we mean emphasis in economic policy on economic implements and organizational forms in socioeconomic development embracing the entire group of problems and forming market relations, and the growing

foreign economic potential, and enterprises which are personally owned, collectively owned, leased, and so on.

Why is the restructuring of planning such an important part of guaranteeing the republic's economic sovereignty? After all, it would seem, expansion of the area of the market's operation is incompatible with management according to a plan. But world experience in development of a market economy, and this includes the advanced countries of the West, indicates the opposite. A sizable part of the economy in the capitalist countries is planned, directly or indirectly regulated by special government agencies. And here is the significant thing: the level of what we mean by plan discipline is immeasurably higher under their conditions than it is now in our planned economy.

It is sufficient to say that violation of the principles of the plan and assigned economic allowances in the context of a market economy evokes not only the most severe financial penalties, placing firms and enterprises on the verge of bankruptcy, but there is also the threat of outright criminal prosecution.

What in our view is necessary in order to radically alter the content of planning, to sharply increase the effectiveness of the entire economic planning effort in the republic in the context of its independence? First of all, we have to create a qualitatively new set of planning instruments, that is, tax rates, prices, discount rates, and interest rates on credit, and other economic levers. We must also think through and radically alter the forms and content of the state order.

In the context of the republic's economic independence, planning in fact becomes the principal means of protecting the economic interests of the region, of guaranteeing equivalent and mutually advantageous relations with the other regions and the Center.

Nor should we forget that for all the great diversity and further development of diverse forms of economic activity inherent in the market system, the immense economic potential will remain under republic state ownership, and there is no question that it will have to be managed according to plan. Moreover, under the regional conditions of Uzbek SSR particular attention and a thoughtful and judicious approach should be paid to such a very valuable part of public property as irrigated land, the entire system of water management installations, enterprises for the development of mineral raw materials and fuel, and cultural and historical monuments of world importance. We can hardly suppose any other strategy for the preservation and effective use of these resources than economic planning with its new content.

And finally, the planned approach is the only possible one, I am profoundly convinced, for the guided drafting and implementing of nationality policy, economic policy, and especially social welfare policy. We must clearly understand today that we can get out of our present state of crisis and overcome the tendency of, to

tell it like it is, impoverishment of the people, only by means of a joint effort that is efficiently coordinated, the common efforts of every enterprise and farm, and their concentration on the most important problems, those which have priority. For example, can a work collective taken separately, or even an entire branch independently solve, say, the problem of employment of labor or, which would seem far simpler, replace all the emergency schools?

Or take such a painful issue as the supply of building materials to everyone who wants to build his own dwelling? After all, this means increasing brick production at least 3-5-fold in the shortest time, not to mention other building materials. Only the republic as a whole is able to perform such a task. And they have to be performed in the spirit of the age-old traditions of our people—by joint efforts, by hashar. Appropriate means and resources, then, will be mobilized in the republic to perform such urgent tasks, above all those of social welfare. And it is the immediate function of planning to work out the directions for their efficient use for that specific purpose, and after approval by the republic's Supreme Soviet, to do everything to assist their implementation.

It should be emphasized that when the issue is stated this way in contemporary terms, the tasks of state planning become essentially greater in their complexity and responsibility. Today, it is not a question of merely assigning targets competently to those who are to meet them, targets moreover which have been worked out "from above" and simply sent down to enterprises and farms. Today, the problem is posed and understood in a completely different way: on the basis of specific material and financial resources and capabilities, mainly realized as a result of joint efforts, earned by the republic itself, to shape and implement economic and social welfare policy that responds to the real desires and hopes of the people.

The entire effort of agencies in the fields of finance, pricing, material and technical supply, labor, social welfare, and other areas has to be radically restructured in order to fit the new system of planning.

These are by and large the main prerequisites of the process of evolution of Uzbek SSR's economic independence. Independence will become reality if it is filled with specific content, if measures of the first importance to implement it are thoroughly worked out and performed. The urgency of this effort is especially intensified because the republic's Council of Ministers and Gosplan are completely involved in working out the directions and parameters of economic development for the coming year and for the period up to 1995 on the basis of the principles contained in the platform of the Communist Party of Uzbekistan.

It is well-known that sizable shifts are being outlined for the coming FYP, especially in the area of raising the

standard of living. Activation of housing is to be substantially increased and the stock relative to population will rise to at least 13 m² of total floor space per inhabitant. Provision is being made for an appreciable increase in consumption of basic foodstuffs, including an increase to 40-45 kg of meat and 235-250 kg of milk per capita. There has to be an appreciable increase in the sale of industrial goods and foodstuffs to the public accompanied by a simultaneous increase in the real income of the workers.

Achievement of these targets unquestionably requires a significant redoubling of efforts, an exploration for substantial additional means and resources, a balanced assessment of everything the republic possesses, and effective use of the available possibilities. What is specifically required to accomplish that? First of all, we have to achieve full equality in our economic relations with the Center and with other republics, and that includes the area of the state order and especially the order for the production and delivery of cotton.

Today, as is well-known, thanks to the measures taken by the Uzbekistan CP Central Committee and the republic's government, the question of the cotton monoculture has been settled, cotton production has been stabilized at a level of 1.5 million tons per year, which guarantees that Uzbekistan would still have its leading role in production of this unique raw material, on the one hand, while the USSR's independence with respect to cotton would be preserved, a position which it gained back at the end of the twenties thanks to the selfless labor of the peoples of Uzbekistan and all the republics in the country planting cotton. It is fitting to mention in this connection that the Soviet Union's independence as to cotton has since that time been preserved and is now being firmly maintained—quite often to the detriment of the interests of the cotton-growing republics themselves. And at the same time the country's independence as to grain has not been achieved to this day, nor have the problems been solved of self-sufficiency in the products of animal husbandry, food as a whole, which we have a right to expect from republics specializing in their production.

A question arises in this connection: Should a proposal now be advanced for further reduction of the volume of cotton production and its replacement, perhaps, by other crops? It is precisely this that certain representatives of the intelligentsia are militating for today. But a balanced and professional analysis made by specialists does not confirm the economic advisability of such a step. It is in line with the economic and social interests of the republic's people to preserve the cotton complex and improve its quality. Comparative calculations confirm that there are no other agricultural crops for which there is such an unlimited market and at the same time able to compete with cotton in the level of profitability, income, and, this is particularly important, labor intensiveness. What is more, cotton is characterized by an unlimited and constantly growing demand on the union and world markets.

There is another issue here: Until quite recently a legitimate sense of dissatisfaction was caused by the extremely depressed, and if we put it plainly—insultingly low prices of this unique product. I will not be exaggerating if I say that the miserable position of our peasants is the direct consequence of underpayment over many years for their exceedingly difficult labor. Now, as a result of strenuous efforts and justified demands of the republic, the situation with remuneration of cotton-growers is changing for the better. Along with an increase in the price of the republic's cotton, the issue has been raised with union authorities of centralized financing of water management construction, including projects for comprehensive reconstruction of land reclaimed previously and social restructuring of rural areas. Purchase prices and sales prices of other agricultural products are also being revised.

But this is only one aspect of the issue. A justified level of the state order, not exceeding the average union level, for that product of the republic which up until now has been referred to as a monopoly product must become the main factor in guaranteeing Uzbekistan's economic equality. Here, the placement of state orders both by union authorities and also within the republic must absolutely be changed to a competitive basis.

It is this approach that is the decisive condition for radical improvement of the entire planning system. It should be noted that we closely relate fulfillment of the state order for products fulfilled in the republic with the supply of other products to the republic from the union fund. I would like to call particular attention to this aspect of the matter. In the end, the unified national economic complex of the country is not a propagandistic club with which bureaucrats control the republics, but a reality that arises out of the diversity of the natural, demographic, and economic conditions of the various regions, and this must be taken into account. That is why the functioning of the union complex has to be structured on an economic basis, not an administrative one.

It is from these positions that we should look again at the composition of the products we supply and those we import from other regions, thoroughly evaluate the effectiveness of this trade, and, if necessary, take steps to alter the structure of that trade.

It has to be said that the questions of products brought in and sent out arouse particular interest on the part of the republic's public, and beyond that they give rise to a great number of unsubstantiated conjectures. During the discussions that have taken place, many people quite often forgot that in supplying cotton, silk, karakul, nonferrous and precious metals, gas, fabrics, and other products, Uzbekistan has at the same time been receiving a large amount of resources, finished goods, and equipment. And if every year we send out of the republic products with an aggregate value of nine billion rubles, we receive products worth 13 billion rubles, or 1.4-fold more. But if we make the calculation in world prices, then this gap increases to 1.6-fold. The difference

between what comes in and what goes out is still greater in terms of physical weight—2.6-fold. This is the direct consequence of the republic's imperfect economic structure and shortcomings in pricing.

But still, even with a more balanced structure and sound prices, the trade in commodities will expand in a number of directions. This is a fact of life: and in the future it will still be advisable to bring into Uzbekistan growing amounts of grain, animal products, sugar, petroleum and petroleum products, metal, and so on. Consequently, the essence of the matter is not whether or not to have economic relations between regions, but of making them more advantageous for the republic. Speaking frankly, this is a completely new way of stating the question, and we must gain a thorough understanding of it, without delay, and determine those products which it is not sensible and is not economically justified for us to send out of the republic.

Analogously, we must also analyze thoroughly the composition of the products we receive, and see which products it would be feasible to produce in the republic, without going off into autarky, without replacing economic calculations by a subsistence farm.

In this connection, I would also like to touch upon the complicated question of the economic potential of the resources which the republic possesses, especially from the standpoint of their possible sale abroad. Recently, certain "specialists" remote from the economy, among them philologists and musicians and philosophers, have been saying that Uzbekistan will be able to solve all its urgent problems easily and simply by selling at world prices cotton, gold, karakul, and other commodities. Unfortunately, this proposition is far from reality.

First of all, as we have already noted, the gap in the value of what we import and what we export is not to our advantage, especially when it is computed in those same world prices. It can be seen rather easily that if we sold abroad all the cotton we produce, all the gold, silk, and karakul, we would not be able to acquire, again at world prices, the amount of petroleum, timber, sugar, grain, meat, and milk the republic needs, not to mention industrially produced consumer goods.

I would say, for example, that the gold produced in the republic, if it were sold at the prices of the London Exchange, would not be enough to even purchase the lumber in the amount it is now supplied to us from other union republics.

This, I repeat, is a fact of life, and that is why the only way out is to strengthen the republic's positions in the country's unified national economic complex.

It is another matter to work out measures to strengthen the foreign economic potential of Uzbek SSR, and such measures are now being worked on. We have to acknowledge that today various instructions and guidelines from union authorities are practically paralyzing the capabilities of our enterprises, organizations, and farms to

effectively develop relations with foreign partners. The opportunities of republic authorities have so far been extremely limited as well. Taking into account the great interest which foreign firms have shown in Uzbekistan, an effort is being made in the republic to expand foreign economic relations and to set up a number of joint enterprises. Interesting constructive experience has been gained along these lines in the Ministry of Local Industry and certain other branches. Broad prospects are being opened up by expansion of international tourism, and it is in view of this that the republic association "Sayekhin-tur" was created, the question has been raised of transferring entirely to the jurisdiction of the republic enterprises and organizations of the former Union Committee for Foreign Tourism.

The upcoming conversion of the economy of Uzbek SSR to the principles of self-government and self-financing puts on the agenda the question of adjusting the entire process of visible trade, correcting the distortions, and establishing maximum clarity in all matters that come up in the union division of labor. In short, economic independence must be examined within the framework of the union federation from the standpoint of increasing Uzbekistan's role in the country's national economic complex.

At the same time, we are not limiting our economic activity to the framework of the union federation. An important role is being given to expansion of the republic's foreign economic activity, which is expected to promote acceleration of our economic development thanks to the assimilation of advanced technologies, the use of world know-how, and creation of our own foreign exchange base. Without waiting for decisions on this subject from the union government, the UzSSR Council of Ministers has taken specific steps in this direction. The UzSSR State Committee for Foreign Economic Relations, a number of joint enterprises, branches of Vneshekonombank, and so on, are being set up.

And another circumstance. All the measures aimed at transition to the republic's economic independence will not take on finality unless they are backed up with financial resources. The following measures seem indispensable to strengthening the financial base of Uzbekistan's economic sovereignty.

First. The supplemental part of the turnover tax realized in other regions of the country when they manufacture the end product from cotton, gold, karakul, and other raw materials supplied from Uzbek SSR must be included in the republic's financial base.

Second. We feel that the performance of union-level socioeconomic, scientific-technical, and environmental programs must be financed from the sources of the entire state, just as is done in all civilized countries. According to an estimate, irrigation and reclamation in the 13th FYP alone means allocating from the union budget more than 11 billion rubles, about 4 billion rubles of which are to remedy the environmental situation in the lower

reaches of the Amu Darya. We feel that the first duty of the union government must be to allocate funds for the social restructuring of rural areas—this is about 3 billion rubles. In the final analysis, it was in the process of fulfilling the targets of the Center that that kind of damage was done to the environment and the Aral Sea was ruined.

Third and finally—allocation of funds from union sources to equalize Uzbekistan's starting conditions in the social sphere. After all, as I have already noted, our lag is largely related to fulfillment of our international duty toward other republics. It has to be said that this way of looking at it has not been evoking objections from union authorities and the union republics. According to calculations, 3.5-4 billion rubles of annual subsidy are required merely to finance the most urgent measures to increase the housing, preschool institutions, hospitals, and other social service facilities relative to population.

There is also another problem whose solution has particularly great importance under our republic's specific conditions. Real economic independence presupposes guaranteed employment of the able-bodied population. Measures to that end are now being worked on. They include performance of a personnel training program within our own nationality, creation of a broad network of rayon industrial combines and small enterprises, subsidiaries, and shops, especially in the manufacturing branches of the agroindustrial complex, in the production of building materials, and in other branches.

All of these measures will undoubtedly bear fruit, but this will not happen as quickly as we would like. If our country and the republic, then, intend to become a really law-governed state, then measures must be worked out at the same time for the social welfare of those strata of the population who for some time are compelled to remain outside the sphere of social production—the unemployed, if we are to call things by their right names. We feel that these able-bodied citizens have a right to count on material support of the state, as is done throughout the world. For a long time, we also should have been thinking about increasing the social assistance to heroine mothers raising and bringing up 10 children or more.

These are the fundamental principles of the transition of Uzbek SSR to economic independence. It seems that they will receive the support and approval of the broad masses of the republic's population. It is up to the Government of Uzbek SSR and officials of economic planning agencies to fill these principles with specific content and to transform them into an effective instrument of economic policy.

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Armenian Commission for Economic Reform Created

904A0431A Yerevan *KOMMUNIST* in Russian
18 May 90 p 3

[Unattributed article: "State Commission for Economic Reform of the Armenian SSR Council of Ministers"]

[Text] In the interest of radically improving administrative methods in the economic and social sphere, ensuring the consistent conversion of the republic over to economic independence and organizing operations concerned with carrying out the radical economic reform, the government has formed a permanent organ in keeping with its overall size—the State Commission on Economic Reform of the Armenian SSR Council of Ministers.

In connection with the creation of this new organ, a decree as adopted has abolished the commission for improving the economic mechanism of the Armenian SSR Council of Ministers.

In order to implement the functions assigned to the new commission, a staff is being created using personnel from appropriate subunits of the staff of the Armenian SSR Council of Ministers, ministries and republic departments.

The state commission will be headed by a chairman who will serve simultaneously as the deputy chairman of the Armenian SSR Council of Ministers.

In accordance with the approved statute, the state commission will coordinate the work of organizing implementation of the economic reform for the republic's economic organs and for ministries and departments of the Armenian SSR.

In order to achieve a thorough and comprehensive validation of the measures for implementing the economic reform and its subsequent development, a scientific-economic council is being created within the commission, the staff of which will include leading scientists and national economic specialists.

In carrying out its work, the state commission will rely for assistance upon the basic scientific-research organizations—the Institute of Economics of the Armenian SSR Academy of Sciences and the Scientific-Research Institute for Economics and Planning attached to Gosplan for the Armenian SSR. It will coordinate mutual relationships on questions concerned with implementing the economic reform and improving inter-republic economic contacts with the central economic organs of the USSR and the economic organs of union republics, based upon the principles of federalism and the economic independence of the republics.

The commission will concern itself with the development and introduction of new administrative methods, planning and state regulation of the socio-economic processes and the functioning of the new managerial

model, ensuring equal conditions for the development of all forms of business undertakings and ownership, eliminating monopolistic phenomena in the economy and in the work of enterprises and associations, implementing a system of measures for developing the market and its efficient functioning, developing methods for controlling market relationships and creating the conditions needed for ensuring social protection for all members of society.

In the work of the commission, special attention is given to preparing recommendations for further improving the organizational structures for administering the principal element of the national economy through the development of the initiative and independence of enterprises and the formation of diverse inter-branch associations on the order of concerns, unions and associations and other forms of state, cooperative and joint-stock organizations, including combination enterprises and organizations, created jointly with foreign firms or enterprises and organizations of other union republics.

Included among the priority functions of the state commission is the development of draft legislative documents of the Armenian SSR and decisions of the republic's government having to do with the republic's conversion over to economic independence and implementation of the economic reform.

In keeping with its terms of reference, the commission will hand down decisions which are mandatory for carrying out by republic economic organs, ministries and departments of the Armenian SSR and by enterprises, organizations, institutions and executive committees of soviets of people's deputies. It will provide methodological direction and coordinate the work of the Armenian SSR ministries and departments in matters concerned with the preparation of recommendations aimed at creating a new managerial model and improving the system for administering the economy.

The State Commission for Economic Reform of the Armenian SSR Council of Ministers is being granted extensive rights in connection with directing and controlling the work of enterprises, institutions, ministries and departments throughout the republic, under the new conditions for administration and management.

The preparation and introduction of materials for examination during meetings of the state commission must be carried out by the Armenian SSR ministries and departments, the executive committees of local soviets of people's deputies, the staff of the state commission and by working groups which bear full responsibility for the quality of the materials presented.

The state commission will provide extensive information on its work and on decisions handed down by the ministry and departments and also by society throughout the republic, while making active use of the mass media facilities.

RESOURCE UTILIZATION SUPPLY

Potential for More Effective Use of Metal in UkSSR Industries Analyzed

904A0498A Kiev *EKONOMIKA SOVETSKOY UKRAINY* in Russian No 5, May 90 pp 56-60

[Article by Candidate of Economic Sciences A. Kozenko: "The Metals Capital of the Ukraine: Its Formation and Utilization Effectiveness"]

[Text] Metal capital [metallicheskiy fond] is the weight [massa] of the metal accumulated in fixed capital and in working capital, in commodities, and in other property for long-term use. The component parts of the indicated capital are not equivalent, not just in the weight of the metal they contain, but they differ both in economic purpose and in their roles in the reproduction process. Metal that is at a production facility or is being consumed or is in circulation establishes the necessary resource conditions for steady replenishment of the economy's metals base. These resources are defined by the weight of current production and the consumption of converted metal (pig iron, steel, ingots, and blanks) and finished metal products. Metal that is concentrated in existing implements of labor (or in those that are inactive for some reason) makes up the basic portion of metal capital, the amount of which depends upon the metal investment of the preceding periods and the periods of its use in machinery, mechanisms and in transfer installations and facilities [peredatochnoye ustroystvo].

Metal capital is the most important indicator of the national economy's economic potential and is a component of national wealth. Where there is a transfer to a resource-saving type of economic activity and rationalization of the system for social utilization of resources that are executed within the framework of a restructuring of the economic mechanism, the importance of metal capital as a source of raw materials for metallurgical, casting and other production grows.

Resources support for traditional and small-scale metallurgy, which supports machinebuilding, construction and other branches of the economy, should be viewed as mutually related processes of the turnover of the primary iron-containing materials and of traffic in the metal that has been concentrated in the implements of labor and other facilities for production and nonproduction purposes or has been retired therefrom because of partial or full loss of their customer characteristics. Such a notion about the interaction of material resources of primary and secondary origin enables two sources of iron-containing raw materials—natural raw materials represented by nature's iron-ore deposits, and artificial raw materials accumulated in property meant for long-term use, that is, metal capital, to be examined.

In time, the second source acquires an increasingly great national-economic significance, since an increase in the

amount of output of rolled ferrous-metal stock should be provided without an increase in the mining of iron ore, the melting of pig iron, and the production of coke. This means that steelmaking's requirement for iron-containing raw materials will be made good through scrap that has been written off and through metal waste. In order to monitor the formation of a balance of raw-material resources that combines primary and secondary iron-containing source materials, the material substance composition of metal capital must be determined and the effective areas for its utilization evaluated. A quantitative assessment of the weight of the material which is equivalent in amount to the metal-containing part of fixed capital, commodities, and other objects of metal accumulation, is of special interest for economic practice.

In order to determine the weight of the metal that has been accumulated in equipment, machinery, buildings, structures and other property which operate for long times, several methods are used: inventory, metal consumption and metal investment.¹ The first is based on direct enumeration of the weight of the metal in fixed capital, based upon an inventorying of metal-containing objects, including the revaluation and inventorying thereof. The second is a valuational method and is connected with a comparison of specific metals consumption (per unit of cost) with the actual presence of the fixed capital, commodities, and other property that contain metal. The total metal content of the objects being studied is determined in accordance with data on the metals consumption of, for example, metalcutting tools or forging and pressworking equipment and the data in price schedules, price handbooks and catalogs about the cost and weight of various models of equipment, and also in accordance with state reporting data on the presence and transfer of fixed capital (including equipment). Finally, the third method—the metal-investment method—is based upon the measurement of new investment of metal, taking into account irretrievable losses thereof in metallurgical conversions and metalworking and also as a result of incomplete return into circulation, and direct or indirect export (in finished articles).

The inventory (or in-kind) method is the most acceptable one for computing metal capital, using mainly the data of periodic inventories and revaluations of fixed capital. The metal-consumption (or cost) method is based upon a comparison of the cost of various types of fixed capital with the weight of the metal it contains. This method usually is combined with the inventory (in-kind) method and is fairly versatile: it produces an evaluation of metal content in facilities difficult to compute.

The metal content in buildings, structures and transfer installations is determined by considering the weight of its final consumption in the construction work, the amount of construction and installing work done, and the cost of the given type of fixed capital. In determining

the amount of metal in machines and equipment, their weight is computed by type and by branch affiliation, and by the data of inventories and revaluations of fixed capital or other information, thus allowing the quantity, composition and other characteristics of inventoried items to be manifested. The accumulation of metal therein is assessed in accordance with the metal-intensiveness indicator, which is expressed by the ratio of the weight of the metal of the fixed capital to its cost.

With time, as is known, the metal consumption of fixed capital changes appreciably, caused mainly by the low pace of updating the implements of labor and, as a result, by their great obsolescence, and by excessive metal consumption for repair and keeping the equipment in an efficient condition.

The accumulation of metal in various facilities for which there is adequate information about its quantity and weight is determined by the in-kind method. Such facilities include agricultural machinery and equipment, tractors, transport equipment, and so on. In so doing, the use of other methods that enable the results of evaluation of the metal capital, which is obtained by direct inventory counting, to be refined and revised is not excluded.

A large amount of metal is contained in working capital: in uncompleted industrial, constructional and other production activity in the form of reserves at the storage facilities of enterprises and economic organizations, and also in semifinished items, spare parts, uninstalled equipment, packaging, tools and tooling, and implements. The largest amount of their total metal weight in their working capital (50 percent) is contained in unfinished industrial and constructional activities, and also in products in storage (15 percent), spare parts and replaceable components (17 percent), uninstalled equipment (10 percent), and other property (8 percent).

The metals investment method is used in calculating the metal content of fixed capital without differentiation by type thereof, which is extremely convenient in those cases where the information base is limited. This method, as a rule, is used for determining growth of metal capital with new metal investment obtained from the natural raw material, taking into account losses thereof during production and consumption.

The information base for computing metal capital consists of data about the consumption of primary and secondary metal in the finished output, which is determined by its utilization coefficient, metal residues in waste during shaping, the length of actual operation of the articles, the weight of mobile resources of depreciated scrap that have been collected and brought into processing, the period of service of the metal, and

irretrievable losses of it. Thus, where metal losses from corrosion, abrasion and other natural phenomena are 7 percent per year, the period of efficient operation of the metal in metal capital is assessed at 14 years. It should be concluded from this that metal originally obtained from raw iron-ore in 1975 departed from metal capital in 1989.

We computed the metal capital of the Ukraine's economy on the basis of the metal-consumption procedure, using the metal-investment and inventorying methods. In accordance with these evaluations, the metal content of fixed capital that is on the books of the republic's industrial enterprises and agricultural, constructional and other organizations at the start of 1972 (that is, upon completion of the inventory and revaluation of fixed capital) was about 125 million tons, which corresponded to 19 percent of All-Union metal capital,² which is contained in buildings, structures, machinery, equipment, transport resources, and so on.

During 1972-1984, that is, between the last inventories, the fixed capital of the republic's economy increased 2.25-fold³ and, by 1989, (the time of the last evaluation of regional metal content) 2.68-fold,⁴ and the weight of the metal consumed was, respectively, 1.72-fold and 1.8-fold. Taking these ratios into account, weight of the metal that had accumulated in fixed capital was evaluated at 265 million tons at the start of 1985, and 296 million tons at the start of 1989, surpassing 2.2-fold and 2.37-fold, respectively, the indicator of metal accumulated in the republic by 1972.

Low values of the indicators of fixed-capital reproduction exerted the main influence on increase of the metal capital that is concentrated in implements of labor. Among these indicators, the following should be noted:⁵

- a slowing of the pace of the retirement of worn parts of fixed capital: 127.8 percent in 1986, 108.7 percent in 1987, and 100 percent in 1988; and
- an unceasing quantitative buildup of production equipment, which is marked by a substantial excess in the introduction of new capital over worn capital taken out of service (3-fold in 1986, 2.8-fold in 1987 and 2.7 fold in 1988), and also by preservation of the large weight of the new influx that is aimed at expanding the whole pool of fixed capital (75 percent in 1986, 74 percent in 1987 and 73 percent in 1988).

The material-production branches are the areas of the main buildup of metal, which in the greatest measure are represented by industry (45 percent), transport and communications (13 percent as a whole, of which 0.5 percent is for communications), and, in smaller measure, agriculture (7 percent) and construction (5 percent) (see the table).

Amount and Structure of the Ukrainian SSR's Metal Capital at the Start of 1989*

Metal-containing property	Cost		Metal content	
	Rubles, billions	Percent	Tons, millions	Percent
1. Fixed capital	421	100	296.0	82
—1.1. Productive:	284	67.5	263.5	73
—Industry	140	33.3	162.4	45
—Agriculture	65	15.4	25	7
—Transport and communications	54	12.8	47	13
—Construction	11	2.6	18.1	5
—Other branches of material production	14	3.3	11.0	3
—1.2. Nonproductive:	137	32.5	32.5	9
—Housing	77	18.3	18.0	5
2. Working capital**	74.6	17.7	43.3	12
3. Consumer goods**	—	—	4.3	1.2
4. Others	—	—	17.4	4.8
Total	—	—	361.0	100.0

*Computed according to data of "The Ukrainian SSR's Economy in 1988, p 206; Popov, G., *ibid.*; and Zusman, L., *Vosproizvodstvo metalicheskogo fonda narodnogo khozyaystva SSSR* [Reproduction of Metal Capital of the USSR's Economy]. *VOPROSY EKONOMIKI* [Problems of the Economy], 1988, No 11, pp 61-69.

**In reserves of commodity stocks; percent of the cost of the fixed capital

Because of differences in metal intensiveness, the shares of industry and construction in metal content of the implements of labor is greater by 1.4-fold and 1.9-fold, respectively, than the share of these branches in the cost of fixed capital. In agriculture, whose fixed capital includes working and producing livestock (9.7 percent of the cost in 1988) and long-term planting (3.3 percent), the ratio between these indicators is the reverse, that is, the branch's share in the cost of the implements of labor is almost double the share in the functional part of the metal capital. The fact that agriculture's fixed capital is represented primarily (65.5 percent) by buildings, structures and transfer structures, which are less metal intensive than machinery and equipment, and whose share in the cost structure of agricultural implements of labor is about 15.8 percent,⁶ exerts a great influence on these proportions.

The metal capital of nonproduction branches is concentrated mainly in the housing activity, in the fixed-capital structure of which the maximum share consists of buildings and almost no operating machinery, equipment or transport resources. The metal content in the housing activity increases as a result of increase in its metal intensiveness, because of the increase in the number of stories of apartment houses and in their amenities, which require additional metal consumption for plumbing and household equipment, sewer, gas and heating mains, electrical grids, and utilities and services.

Large amounts of metal are accumulated in working capital, which is 17.7 percent of the cost of fixed capital and makes up 12 percent of the republic's total metal capital.

Consumer metal capital is contained in consumer durables (including cars). Its amount comes close to 4 million tons (1.2 percent of the UkSSR's total metal capital). Despite the specific peculiarities of its formation and utilization, consumer metal capital is among the important sources for forming secondary metal.

Iron ore and secondary metal that are shaped at both ferrous-metallurgy enterprises and elsewhere—in the branches with the main concentrations of metal capital (machinebuilding, agriculture, transport and construction)—form part of the balance of converted raw material for metal production. The republic's metallurgical production depends greatly for raw-materials supply upon nonmetallurgical branches, to which goes 12.5 percent of the initial materials consumed. This consumption is made up for by secondary metal.

The resource potential of metal capital is realized incompletely because of irrationality in the reproduction of fixed capital, which is occasioned by the fact that a large amount of the worn and obsolete equipment that is not taken out of use and is not scrapped is at work in the national economy. This factor should be considered in determining the substance composition and the branch and regional structure of metal capital, since, with the artificial increase in the service life of the implements of labor, the amount of metal consumed in replacing worn parts and components is 1.7-fold to 2-fold the weight of the metal that is contained in machines, mechanisms and transport equipment that are retired (after writeoff), violating the proportions between the circulating and the

functional parts of metal capital. Such disproportions lead to a continuous growth in expenses for metal for repairs.

Other factors that reduce the resource potential of metal capital are linked with losses thereof by the circulating and functional components. For example, the actual retirement of metal as a result of repairs and replacement of worn elements of constructional structure, parts and components of equipment does not correspond to scrap formation for this source, which is recorded by state statistics as a mobile portion of secondary metal resources (form 9-SN). No less than 20 percent of retired metal is lost in the repair of agricultural equipment, motor vehicles and tractors in field conditions and during the replacement of small parts at industrial and transport enterprises. In order to replace the retired metal, its weight must be greater by the amount of the irretrievable losses from corrosion and abrasion, which, during the service life of the metal product, are no less than 7 percent of the original weight. As a consequence of these factors, the actual amount of scrap that is formed as a result of repairs exceeds 1.4-fold the weight involved in the metal turnover. A shortfall in the collection of secondary metal also is observed for the remaining sources, including 40 percent in the writeoff of equipment and transport resources, 30 percent in wear on commodities, and 15 percent in metalworking waste. These losses are the equivalents of the retired portion of the metal capital that must be made up for by additional investment of primary metal for renewal of the economy's metal capital.

A most important requisite to effective utilization of metal capital is full involvement in the economic turnover of all the metal waste and written-off scrap that is formed, which will enable changes in the consumption structure of iron-containing converted materials through partial and, in some cases, complete and full displacement of nonrenewable natural types of raw-material resources—the sources of the primary iron. The main advantages of the use of secondary metals are a lessening of the economy's dependence for metal-output supply upon the mining and preparation of iron ore and the mining and processing of coking coal (1 ton of secondary metal permits 3.8 tons of raw iron ore and 1.5 tons of coking coal to be freed from the economic turnover), a reduction in one-time expenditures on development of the branches that provide raw material for metallurgical production, and less harm to the environment.

Secondary-metal resources form from the use of low-waste technologies in the production and consumption of metal blanks or blooms, and from intensity in the updating of production equipment and in the removal from metal capital of metal whose service life has ended. As a consequence of this, appreciable changes have been observed in weight and structural relationships in the forming of secondary metal. Thus, the entry of production wastes into circulation is slowed first of all by reduction in the pace of pig-iron and steel melting and in

rolled stock output. Moreover, the expansion of continuous steel casting, which has enabled the relative consumption of metal for rolled stock to be reduced by 15 percent, and the mastery of continuous-process low-waste technologies, which combine all operations in one stream—from melting of the metal to the dressing of the finished produce, including no-residue rolling—have exerted a positive influence on this process.

The increase in metalworking waste also is being slowed because of a reduction in the rate of growth of metal consumption, an increase in the use of articles with a high degree of perfection of size and shape, and improvement in the technological structure of metalworking equipment. The preliminary preparation of rolled stock and its delivery in a higher degree of readiness for consumption that enterprises of the industrial services of UkSSR's Gosstab system perform have had a great effect on the reduction in the output of waste from this source. The absolute reduction in metalworking waste will by the end of the current five-year plan be about 1.2 million tons, which approaches the 60-percent growth expected in the consumption of all metal products (rolled stock, castings, forging stock, and so on).

The development of metallurgical production is associated mainly with two processes—the oxygen-conversion and electric-furnace processes. These processes are not equivalent in the consumption ratio of secondary metal. Electric-furnace technology has a greater specific consumption of it. The oxygen-converter process has less potential at its disposal for scrap processing. Its flexibility when there is a change in the ratios of the basic charge components is not great. In oxygen-converter melting, the specific consumption of secondary metal is almost 4-fold lower than in electric-furnace melting. In a structural regard, scrap consumption in martensitic furnaces is predominant.

Because of the continuing retirement of martensitic furnaces from the steelmaking conversion and increase in the industrial introduction of electric-furnace and oxygen-converter production, the share of the first in the consumption structure of secondary metal is reduced significantly and the share of the others is increased appreciably. Since the favored method for melting steel is the oxygen-converter, which has a limited potential for scrap utilization, then, by virtue of the reduction in martensitic production, a surplus of secondary metal may form because of the inadequate pace in mastering electric melting, which is not commensurate with the rate of retirement of martensitic production facilities, and, obviously, the prerequisites for compensating for the reduction in the absolute consumption of secondary metal do not exist within traditional ferrous metallurgy.

The way out of the situation that has been created is a combining and possible coordination of the technical strategy for developing the metallurgical industry with machinebuilding and other branches and individual production facilities, whose raw-material resources include scrap that has been written-off and (or) metal waste. Of

the existing nonmetallurgical production, pig-iron casting, as is known, has the greatest potential for expanding the use of secondary metal.⁷

Given the stabilization currently being observed in the republic, and, in the long term, given a reduction in the mining of iron ore, the kilning of coke and the melting of pig iron, metal that has been withdrawn from metal capital and transformed by special industrial methods into secondary iron-containing raw material becomes the main factor that affects regional organization of the metal-producing branches. Since secondary-metal resources (unlike discrete sources of iron-ore raw material) are spread out over practically the republic's whole area, changes in the distribution of scrap-consuming production facilities which permit an improved preforming base for machinebuilding and the construction industry to be established are required in order to provide for fullness and increased utilization efficiency thereof. One of the possibilities for achieving such changes consists in organizing new types of production facilities whose equipmental and industrial base will be that of processing written-off scrap and metal waste. Besides the resource-saving benefit in the area of consuming primary iron ore-raw material, the new production facilities will raise efficiency appreciably in the consumption of finished metal products. The addition of new production facilities to already existing preforming facilities (casting, forging and stamping) will enable mitigation or, in some cases, even neutralization of the negative effect of the structural factor that arises as a result of the regional unsuitability of the geography of metal consumption (the whole UkSSR territory) and the distribution of its production (19 percent of the Ukraine's area), which is manifested in mismatch of the proportions in the shape and size assortment of products (especially rolled stock) that are being produced and consumed. Regional dispersion of a portion of metallurgical output by removing its low-tonnage types outside the existing ferrous-metallurgy centers into regions of highly developed industry with high metal consumption and excess scrap formation (Kharkov, Lvov, Kiev and other oblasts) will help here. In this case it is proposed that utilization of secondary metal raw material without remelting it be further developed. Then the regional facilities for preforming for machinebuilding and the construction industry will be augmented by these types thereof:

- low-tonnage rolling mills for making precision section that will include the melting of electric-furnace steel from secondary raw material, the continuous casting of metal, and the narrowly specialized rolling of items in small batches;
- rolled production of parts, performed under an industrial flow scheme for low-tonnage metallurgical conversion;

—production facilities for making precision castings out of synthetic pig iron, which is obtained on the basis of cupola and (or) electric-furnace remelting of written-off scrap and metal waste;

—electroslag remelting of the waste of tool and forged steels with a view to restoring worn tools and industrial tooling;

—repeat rolling (down to minimum sizes) at the Yuzhv-torchermet base of waste turned in as secondary metals; and

—the welding of off-size cuttings from rolled stock and pipe.⁸

The resource potential of metal capital as a source for the entry of secondary metal into the economic turnover will create realistic conditions for organizing new production facilities with the following volume of finished metal-product output: castings made of synthetic pig iron—1.5 million tons; precision-shaped rolled stock—850,000 tons; rolled-parts technology products—550,000 tons; tools and tooling restored by means of remelting—150,000 tons; and items restored by secondary rolling and the welding of waste—450,000 tons.

The assimilation of new scrap-consuming production facilities, combined with an increase in the use of secondary metal in the melting of martensitic and oxygen-converter steel (as a result of the improvement of traditional metallurgical technology), will enable the consumption of blast-furnace pig iron to be reduced by 4 million tons, industrial-grade iron ore by 7 million tons, and coke by 2 million tons. Moreover, the replacement of quality-standardized metal by restored metal products and by commercial waste in the production of commodities and of products for industrial purposes and for the sphere of equipment repair will release from the regional metal turnover no less than 1.2 million tons of rolled stock, and expansion of the use of precision-rolled products will enable metal-machining waste to be reduced.

As we see, realization of the raw-material resource potential of metal capital will enable a tangible metal-saving to be obtained, and the return of retired metal to the economic turnover will save primary raw material. From these points of view, metal capital should be viewed as a second raw-materials base for metallurgical production.

Footnotes:

1. See Zusman, L. L. "The Metal Capital of the National Economy of the USSR." Moscow, 1975, pp 25-30.
2. See Popov, G. "Resursy vtorichnykh chernykh metallov" [Secondary Ferrous-Metal Resources]. Moscow, 1981, pp 93-98, 116-124.
3. See "Narodnoye khozyaystvo Ukrainskoy SSR v 1984 g. Statisticheskiy yezhegodnik" [The Ukraine's Economy in 1984. A Statistical Yearbook]. Kiev, 1985, p 23.

4. See "Narodnoye khozyaystvo Ukrainskoy SSR v 1988 g. Statisticheskiy yezhegodnik" [The Ukraine's Economy in 1988. A Statistical Yearbook]. Kiev, 1989, p 206

5. Computed in accordance with data from "Narodnoye khozyaystvo Ukrainskoy SSR v 1988 gody. Statisticheskiy yezhegodnik" [The Ukraine's Economy in 1988. A Statistical Yearbook]. p 205

6. See "Narodnoye khozyaystvo Ukrainskoy SSR v 1988. Statisticheskiy yezhegodnik" [The Ukraine's Economy in 1988. A Statistical Yearbook]. p 308

7. See Galdin, N. M. "Ispolzovaniye otkhodov metalloobrabotki v liteynykh tsekhakh mashinostroitelnykh zavodov" [The Use of Metal-Machining Waste in Casting Furnaces of Machinebuilding Plants]. LITEYNOYE PROIZVODSTVO [CASTING PRODUCTION], 1936, No 12, pp 10-12.

8: See PRAVDA UKRAINY of 23 March 1990

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AGRO-ECONOMICS, POLICY, ORGANIZATION

Supreme Soviet Committee Chairman Veprev Interviewed on Agricultural Development

904B0229A Omsk ZEMLYA SIBIRSKAYA,
DALNEVOSTOCHNAYA in Russian No 5, May 90
pp 1-5

[Interview with Arkadiy Filimonovich Veprev, USSR People's Deputy, chairman of the Committee of the USSR Supreme Soviet for Agricultural Affairs and Food, and director of the Sovkhoz "Nazarovskiy" in Krasnoyarsk Kray, by V.A. Nikolayenko, ZEMLYA SIBIRSKAYA special correspondent: "Without a Master Even the Land Is an Orphan"; date and place not given]

[Text]

The Veprev Phenomenon

A phenomenon, the dictionaries say, is an unusual, exceptional fact or occurrence. And thus Veprev and the farm he has headed for many years—the Sovkhoz "Nazarovskiy," have been generally acknowledged to be exceptional phenomena, out of the ordinary.

I first heard about the Veprev phenomenon at the Exhibition of Achievements of the National Economy. There was an element of coincidence. At a time when I had come to work on the magazine, I decided to see what new forms of economic activity the country's principal exhibition was popularizing. But Siberia was still not open territory for the Exhibition of Achievements of the National Economy; the exhibits showed the experience of the agrocombine "Kuban" and the Latvian agrofirma "Adazhi."

Nevertheless, a revelation awaited me thanks to an ally who turned up unexpectedly.

"I also have experience.... Both milk and meat will be cheaper on the 'Nazarovskiy' farm, our farm, Veprev's...."

Although it was difficult to believe, Siberia is still not the Kuban, but fellow Siberians joined together in supporting their comrade, assuring me that a liter of milk on that farm went for kopecks, and the production cost of meat was a 50-kopeck piece, no more than that.

From what they said, "Nazarovskiy" was an oasis even in a Siberia that is developed from the agricultural standpoint. Its livestock-raising complex is like an industrial enterprise. There are no culture centers whose walls have cost neighbors millions borrowed from the state, then used as barns and locked up. But there are many cottages to look at, built for the workers and specialists. The weighing rooms in the finishing departments of the fattening operations are shabby, but in the field the combines from the GDR are doing wonders: they operate without breaking down, and they allow almost no losses. The "Nazarovskiy" people are not at present processing their products, that will come in the future,

but they have superbly organized centralized transport of the harvest. They are the only ones in the kray using imported equipment. In the summertime, the milk spoils while many Krasnoyarsk milk trucks are waiting in line at milk processing plants—the "Nazarovskiy" people do not lose a single liter even on the hottest days. They pay particular concern to the quality of their product, which is to say to the farm's economy. And what lies behind all this? It is headed by a boss, an agronomist and economist. Arkadiy Filimonovich Veprev, Hero of Socialist Labor. There are legends about him to the effect that he has little liking for officialdom and lives by his wits. And Abram Mayorovich Vays, economist and chief bookkeeper, is just like him. Old enough to be a grandfather, there is no one like him; he wears felt boots even in the summer, but he is bright and has the answers when it comes to his job. And in general the specialists at "Nazarovskiy" are the pick of the crop, a strong team.

It was a quite natural decision to go there and see for myself that the Siberian oasis really existed. But that was not the most surprising thing. Veprev has not turned the sovkhos into an oasis thanks to some hothouse conditions especially created for it. The land of the sovkhos is no better than that of its neighbors, and it has less fixed capital than the average per farm in the kray. Scientists have calculated: to bring the kray's sovkhoses to the "Nazarovskiy" level in the relative supply of capital, 700 million rubles would have to be taken away from them. I will put it better: The farm has achieved success not thanks to the conditions that exist here, but largely in spite of them.

Judge for yourselves. Veprev does not allow himself to borrow builders from his neighbors in order to build a children's music school or some other prestigious facility. The sovkhos's profit, amounting to 10-11 million per year, would even seem to urge it. But Veprev has not managed to build the most essential thing—a hotel—on the farm, although he has the resources and building materials. During the season, there are so few construction workers available in the kray that it would really be wrong to steal them away from one another. Whatever can wait for at least a time, in his opinion, can wait for a better time.

But what if our agricultural production as a whole should come up to the standards of "Nazarovskiy," then instead of buying 40 million tons of grain abroad, we would be delivering 65 million tons of it a year to the world market. But all of that is again idle computations of the scientists, in actuality the situation is quite different, and it seems we have utterly failed to solve the food problems.

And they were generated by the administrative-command system, by the wall erected in the path of people like Veprev. They were refused their right to independence. That is why Veprev has not had smooth going with the agricultural administrations of the kray

and rayon, with the leadership of the agroprom at the kray and rayon levels, nor with many Soviet and party officials.

Just one fact for what it is worth. During the years that Arkadiy Filimonovich has been director of "Nazarovskiy," he has been given, it is even difficult to imagine, 27 (!) reprimands and penalties. Or another fact. At one time he wanted to set up an agrofirma that would establish direct ties with foreign firms. He proposed taking lagging farms in the neighborhood under his wing, he promised "to make men of them," and at the same time the antediluvian processing enterprises that exist in the rayon. Do you think they supported him? How wrong you are! They swept the idea safely under the carpet. To be sure, 10 years later "and then some" they remembered: OK, Veprev, they said, go ahead, carry out your delirious idea, but he refused in the form in which this proposal was made. One can understand Veprev: the man was burned out.

Time, they say, heals all things. In time, when the laws on property, land, leasing, and local self-government become effective, it will be possible for the peasant to become a free lessee, an independent farmer, he will be free to dispose not only of the product he has produced, but also the income he has realized. But that will require operating room for development of a mixed economy in agriculture, free competition of different forms of economic activity: whichever one triumphs, becomes established, that is how it will be. But that will, of course, require resources—both for development of kolkhozes and sovkhoses and also for private farming. That is what Veprev is fighting for in the Supreme Soviet. He is convinced that without those resources there will be no farmer under the leaky roof.

To be sure, so far he has been unable to make the opinion stick that at least 30 percent of capital investments, building materials, and capacity set aside for industry and housing construction in the cities ought to be turned over to agriculture. But 10 percent will nevertheless be committed to rural areas this very year. The agricultural committee can also include among its assets the fact that electric power is now being delivered for rural needs at a price of 1 kopeck per kilowatt-hour.

At "Nazarovskiy," it is not difficult to spot the concern about the farmer: They have made a decision to spend 500,000-600,000 rubles to set up two or three farms and to create conditions for the lessees just as good as those which private farmers have in the West.

Along with the kolkhozes and sovkhoses, the lessees and private farmers have an obligation to feed the country and put life in our consumer market. The food issue has not only not been removed from the agenda—it is becoming more and more acute. That is exactly where our conversation with Arkadiy Filimonovich Veprev began.

Not To Lose a Single Peasant

[Correspondent] Slightly more than a year ago I met you at "Nazarovskiy."... In setting forth your conception of the transformation of agriculture (ZSDB, No 1, 1989), you did not appear to be very optimistic, Arkadiy Filimonovich. You were not very convinced that it would be possible in the near future to shake the omnipotence of the "center," of the government departments, to obtain from them the resources necessary to develop agriculture. Now we are meeting in Moscow, in the country's Supreme Soviet.... Now you yourself are the "center," the chairman of the Committee for Agricultural Affairs and Food. Has there been any change in your views?

[Veprev] Oh, no, I do not change my views as quickly as that. My forecast, alas, has been confirmed. Nor am I of an age now to change my views every month. To be sure, there has been a change in my vantage point. I am now looking out from a higher point—my field of vision is broader. And the sector "under fire," to use a military term, is different—the committee has legislative and monitoring functions as to the actions of the government on agricultural matters. But time unfortunately is not adding to my optimism. The government is postponing performance of the radical economic reform for a later time. It is not doing this without justification, as the USSR Supreme Soviet and Congress of People's Deputies have acknowledged. But I do not agree with L.I. Abalkin that our agriculture can get along without investments. In his opinion, all the peasant needs is freedom and land, and the job will be done. All the talk about excessive expenditures for agriculture are groundless. We know where they went. They did not spare resources for reclamation, for agricultural chemicals, and quite a bit settled down in the agroprom offices. Everyone knows what the result was. Land taken out of cultivation and what are referred to as the villages without prospects. Now that sentence has been passed, they are dying before our eyes, and the administrative apparatus, which is cumbersome anyway, has risen like dough made with yeast.

I am convinced that we will not feed the country unless we solve social problems in rural areas. What is more, there is a chance that after a time there will no longer be anyone with whom to solve this problem. Today, we have to put the question this way: not to lose a single peasant.

[Correspondent] However, the government is convinced that over the next few years it will manage to raise both agriculture and the country's entire economy....

[Veprev] Experience, I repeat, is not making me optimistic. In the Russian Federation, they arbitrarily took away two billion rubles. What does this mean in practice? All rural construction projects have been halted or slowed down, especially in Siberia. They had to persuade the builders to do at least something for agriculture. It was decided that payment would be made with credits,

but soon they also took them away, leaving the builders without wages. What will they tell them to do now, to go on strike like the miners? Can there be anyone left who still does not understand that without investments our agriculture will soon go into decline once and for all.

[Correspondent] Arkadiy Filimonovich, perhaps the press is exaggerating in describing the condition of the country's economy, which is far from rosy?

[Veprev] Every time I read articles by our well-known journalists and economists, I find myself thinking that I also do not want to believe in the crisis phenomena of our economy about which they are talking. But they do exist, you cannot fail to see them. I get angry, what the devil kind of legislators are we if they do not allow us to touch the finances, but when I think that it makes no sense to let us do it, the treasury is empty anyway, and then I cool off a bit. Never before did we have such desolation on the consumer market, such an issuing of bank notes, such an unbalanced "stagnant" economy.

This situation did not come about in a trice. But by no means everyone could know where and how we were slipping. The five-year plans fell short one after another, but the propaganda managed to put everything as though triumphs had followed one upon another. A mechanism was even worked out: Admitting that in the first two years we did not come up to the reference figures, and then once again revise prices, no addition was made to output, the millions of tons that were lacking were purchased abroad, value indicators jumped up sharply, a hullabaloo was raised in the press about competition, and soon all that was left was to make a report to the effect that our apparatus had outdone itself. Remember the years: the third is the decisive one, the fourth is the determining one, and the fifth is the concluding one.

At this point, we do not know in what fashion the plans were actually fulfilled. It was permissible for the leader of a republic to pad the cotton figures by millions of tons, another was allowed to take away all the grain and turn it in for sergeant's stripes or a little star, leaving animal husbandry without feed. They slaughtered animals for commendations—that is how low we sank. Entire branches were eliminated and then created once again, swine-raising was the "luckiest," if you recall. Agriculture's development looked like the teeth of a saw on a graph, but at that time the triumphant mania for reports through official channels and in the mass media created the illusion of prosperity in the country.

And it was exceedingly successful, that has to be said. Even the appeal of the people's deputies representing agriculture to the first congress about the miserable situation of agricultural production was seen by some people as our having decided to pull the blanket over on our side. But this position toward agriculture can by no means be shared. That is why the group of deputies from agriculture went to another meeting during the session of the Second Congress of People's Deputies with M.S. Gorbachev and N.I. Ryzhkov. There was a need to

discover the position and attitude of the leaders of the state and government toward what is happening in agriculture today. Analyzing the approaches to creation of the government program for economic recovery in coming years, our committee has come to the conclusion that the material and technical base has not been furnished to support the plan for agriculture over the next 5 years. The scant resources which it is receiving will not be able to rebuild the devastated countryside.

The industrial complex is operating in its previous monopoly mode. Using the Law on the Enterprise, it is forcing upon agriculture unreliable equipment of outdated design, but now at higher prices, pursuing its own special interest. So far, the anticipated return from conversion of military production has not been forthcoming. Engine blocks, minitractors, and equipment for processing farm products have been promised, but they either are not arriving at all, or they turn up in ones and twos, and mostly the peasants do not like them.

And the government's report to the second congress has lulled public opinion to sleep. This was an attempt to pacify it against the background of the deteriorating food supply. But these are not matters on which one can be clever, it is better to tell the people the whole truth, however bitter it might be.

The meeting with the leaders of the country and government was encouraging. The announcement of M.S. Gorbachev that purchase prices of agricultural products would be raised was received with a sigh of relief. Unless there are price equivalents between industrial and agricultural products, life will be impossible in the future. The ministers also assured us that they would take measures without which we cannot keep people in rural areas: they would not allow a drop in the pace of construction in rural areas of roads, housing, and institutions for social, cultural, and everyday services. The meeting was encouraging, it was like the light at the end of the tunnel.

"Nazarovskiy" Is Not a Podrazdeleniye Representative of the Entire Armed Forces

[Correspondent] Arkadiy Filimonovich, just list for us the committee's most important items of business....

[Veprev] The Second Congress of People's Deputies ordered the Supreme Soviet to adopt laws on ownership, land, and land use as soon as possible. In my view, all the troubles of our state are occurring because of the neglectful attitude toward the land. The draft laws have been published and widely discussed. We included in the draft of the Law on Land an article on the bequeathal of land possession and were severely criticized for this. Many farm managers say that in their localities no one wants to take the land and all the related responsibility upon himself. They accuse us of establishing thereby private property, of making decisions for the peasant together with the scientists and the news media, and of all the other mortal sins.

But what is going to happen to those who already have land or intend to take it and work it seriously—are they to be left without protection from those same vehement manager-opponents? How are we to radically change people's attitude toward land? We have been treating it barbarously, we have been squeezing everything from it without being concerned about what happens to it tomorrow. What will our children and grandchildren think of us? We have already dropped from our vocabulary the notion of cultivating the land, of caring for it, of increasing its potential. We are giving it to anyone who wants it, without asking how he will increase its fertility and add to the layer of humus. We treat it like people passing through, indifferent to the flood that follows them.

There is no more important task today than deciding who is the master of the land. We took the land away from the peasant, and we would like him to really work on it. But he is not going to do good work on someone else's land.

Back 20 years ago, there was one hectare per person, today there are only eighty-hundredths. Twenty-hundredths have vanished with the lick of the cow's tongue. With the elimination of the so-called unpromising villages, we were left with 25 million hectares less of farmland. It has grown up in woods and is no longer farmed.

Nor have we dealt with the peasantry any better. In our country, it has absolutely no social security. It is no secret that the peasant earns less than the city dweller, and goods are sold to him at a higher price. No one in our country lives worse off than he does. There are considerably fewer physicians in rural areas than in the city. No matter what you look at: education, everyday services, culture—everything for rural areas is second-rate or even third-rate. Which is not even to mention the housing without conveniences, heat, hot and cold water, services, and utilities.

You encounter disrespect for the peasant at every step. We ought to be ashamed to send unsuitable equipment to agriculture—but that is not the case, we go on sending machines which might as well be sent to the dump at once. The RSFSR has now ordered 12,000 combines; in view of their quality, I would not order even that many, but the country's Gosplan has planned to sell two or three times as many. The "gross" is dominant—there is no question of respect for the peasant. I have made a special study of this issue through the case of our own Nazarovskiy Rayon, so I am not saying this off the top of my head.

The attitude toward the peasant is just as neglectful as toward the land. The peasant and the land are the two foundations of agriculture, and we have put them both in a bad way, in a state requiring resuscitation. We have dragged rural life to the point where it has utterly declined, it is deserted, and it has no prospects. That is

why we decided to draft the Law on Social Security of Peasants, which we intend to submit for approval of the Supreme Soviet.

[Correspondent] To speak of a state requiring resuscitation—is that not putting things in too bad a light, Arkadiy Filimonovich? You would not at least say that about your own Sovkhoz "Nazarovskiy," and about its workers.

[Veprev] The people have a saying: A house without an owner is an orphan, but without a master the land is also an orphan. As for our sovkhoz, it is an exception, we have nevertheless been able to find a master for our land and everything we have. We always have money in our account—to be sure, I see nothing good in that; to build, you have to have builders and building materials. You might say that we have always had cost accounting (khozraschet). We have long been remunerating labor on the basis of the end result. The organization of work and the ratio of equipment to labor on the sovkhoz are such that one herder attends some 500 bulls without any particular strain, and a single woman feeds 3,000 swine. You would not say she is a swineherd, she is an operator with a hairdo, makeup, and all the other niceties. The people tending the livestock have reliable helpers—machines, and that is why the costs of producing the product are less, the production cost is lower.

The milkmaid receives concentrates for every dairy cow assigned to her individually and feeds them strictly according to the milk production. All of the sovkhoz's equipment has also been assigned to the machine operators: they themselves repair the equipment, all the technical maintenance and servicing are up to them. The machine operators understand that until they write it off, no one will give them new equipment, and no one wants to operate a machine that has not been well-maintained; they know that anything like that, failure to take care of it, will turn out badly for them. Both the livestock personnel and machine operators receive as much as 40 percent of their wages in the form of various supplements and bonuses for the end result. It has now become habitual that no one steals anything from anyone else, although there are no locks or guards. When the joint stock company is developed, the attitude toward sovkhoz property will improve even more. In my view, we should be bolder in issuing stock and selling kolkhozes and sovkhozes to those who work in them. Just like the plants, for that matter, to the workers. American enterprises have almost all been sold to the workers in the form of stock; in them, every worker is a better master than we are. It is well-known that the very fact of the conversion of enterprises to joint stock companies raises labor productivity 15-20 percent. We are all of us hired labor in state enterprises.

Here is why I say that "Nazarovskiy" stands out as an exception in our agriculture: we have the highest yields in Siberia—30-40 quintals per hectare, we get milk

production per cow of 5,000 kg, but the herd is small—3,000 head. It goes without saying that the weight gains are not mediocre.

So, as you see, the Sovkhoz "Nazarovskiy" is not as they say, a podrazdeleniye altogether representative of our agriculture. I think we can use that expression here, especially since conversion of defense enterprises has been developing. Our productivity of labor is several times higher than the average in the country: output per person is 33,000 with us and 6,000 rubles in the Union. One of the sovkhoz's workers is feeding 50 persons, while the average agricultural worker in the country is feeding only 11.

This indicator will be higher when under the Law on Land the peasant acquires the right to dispose of the product he has harvested, even if only a part of it at first, that portion produced over and above the state order, although my attitude toward that is altogether negative. The state order has sprung up like a barrier on the road to bringing market relations to life. We are also placing hope on the meaningful expression of competition among different forms of ownership and different forms of economic activity. It would be stupid to dissolve such highly profitable farms as ours and break it up into "private farmers' apartments."

Let us have the farmer and let us have the sovkhoz and let them compete with one another. The market, the cause, all of us will gain from that. But if that is to happen, we need to have initial capital for the farmer, we need to help him get on his own feet, we have to provide him fairly good land, not land that is worthless, we have to build him a cottage and all the other things he needs to live and to work, we have to supply him equipment so that he can organize and run his farm in an up-to-date way.

That is why my credo is: revive the farmer and send him back both to the sovkhoz field and also to the peasant farm. We need to make the soviets the municipal owner that would be concerned about developing social services in rural areas and would receive taxes from sovkhozes, kolkhozes, and farmers. We need to grant people in rural areas the right to inherit possession of the land. Finally, we have to take an inventory of the land, evaluate it, determine its economic and natural fertility, and then collect taxes accordingly from those who possess it, just as is done in all civilized countries.

Does Leasing Signify a Light in the Little Window?

[Correspondent] How do you evaluate leasing and its prospects?

[Veprev] Its task is to shake up the monopoly of the kolkhozes and sovkhozes in production and provide the land with a master. In the person of the lessee, the sovkhoz has a vigorous competitor on the market, and that means that our dying market will come to life. All of this simply cannot be overestimated. Thanks to leasing, we are hoping to increase the efficiency of the land and

livestock, to increase from year to year the physical volume of agricultural output. We hope to put life back into dying villages, to bring strong young people into agricultural production. But we have been sitting at the starting line for an unforgivably long time.

We face the fact that few people are interested in leasing. On the one hand, farm managers are deliberately scuttling it, turning over to lessees that land and those livestock yards which they themselves do not need. Inconvenient locations, land that is miles away from the housing, land you cannot get to, there are no roads nor access. On the other hand, people are afraid to tackle something new when they do not know how it will turn out. In other words, will they not end up working without days off, holidays, or vacation, like voluntary servitude? Suppose you do not earn all that money, they reason, and you do not have your health?

And then it is one thing if wages increase along with professional growth, and something quite different if you have to take a 16-18-hour workday. Nor does that kind of work promise interesting and enriching relations, nor application of the advances of scientific-technical progress—there would be none of that. This smacks of the fate of a peasant tied for life to his farm: you have been born with it, and you will have to die with it.

There are questions in both cases, they have to be answered, solutions have to be found. And after they are settled, it will be possible to judge how seriously we have undertaken to solve the food problem.

The main thing here is not to decide anything for the peasants, let them do it themselves. Let them choose what is better for them—to work on the sovkhoz or to set up their own farming operation on a homestead. Of course, to leave our kolkhozes and sovkhozes unchanged in this case would be knowingly to condemn them to defeat. But if they really become joint stock companies in which everyone will have his share and earn on it, they themselves will find good managers for themselves, so why would they not compete with the other forms and other economic ways of life? We still do not know what advantages the farmer will have over the collective farm? In my view, both forms have some advantages, and they will both develop successfully, they will enrich one another, and the main thing is they will deliver everything necessary to our table.

Who Will Help Us—Conversion or "the Foreigners"?

[Correspondent] Arkadiy Filimonovich, we have had occasion to hear unflattering words from you about conversion. What is the hangup?

[Veprev] Well, we placed great hopes on it, but today it clearly is not justifying them. No one doubts the high qualifications of the specialists of defense enterprises, but they know very little about what we do. They obviously need time for psychological readjustment and tutelage from production engineers of prestigious foreign firms.

I have had occasion to visit our processing enterprises and also abroad. It is like heaven and earth. Compared to them, we are like cavemen. We place our hopes on conversion, but unless we turn toward foreign know-how, we will end up with processing enterprises on the same order as we have today, hopelessly backward from the technical standpoint. We have no more important task today than developing the processing industry. Sweden produces one-third the potatoes per person that we do, Austria one-half as much, but they can always find potatoes in any form they like. To be sure, they cost as much as lemons, tangerines, more expensive than apples. Potatoes are, of course, a more labor-intensive crop. But we buy them at 12-13 kopecks per kilogram, and we want more so as to have enough for the whole year. If the purchase price were different, it would be far more expensive to spoil the harvest, but this way not, we write it all off without a pang of conscience, as though that is the way it has to be done. If the purchase price is retained, it offers no incentive to build first-class potato storage facilities, to be concerned about preventing the waste of a product that many people love.

Or take the situation with meat and milk. The Swedes produce 62 kg of meat per person and the Austrians 64. Judging by the statistics, we produce just as much. Our country also produces approximately the same amount of milk per person; we are even a bit higher. But the Swedes and Austrians have an abundance of meat and dairy products, and we have a shortage.

What do you suppose is the reason? The antediluvian equipment of processing enterprises. The Nazarovskiy canners, for example, have not had new equipment since 1948, while abroad they renew it every four years. Abroad, every process is automated. Every one. But the most surprising thing for us is that losses are eliminated.

We visited a milk processing combine in Austria; the equipment that they have is probably more sophisticated than in any aircraft plant. And the Swedes make 19 different products just from whey. At one of our milk processing plants, 600 grams of a most valuable product is evaporated from every kilogram of milk to obtain 400 grams of condensed milk.

The extremely high product quality is amazing. They see to it right at the livestock farm: in 1.5 minutes or 2 minutes, the milk is chilled in the pipeline to +3°. At the processing plant, there are strict standards as to the fat and water content in every type of sausage, and the sterility is exceedingly high. Exceedingly high penalties are envisaged for deviations from the standard, and no one allows himself to neglect the requirements of the technology.

The yield of meat from young beef, once again in Sweden, is 400 kg—440-460 kg. Yes, yes, do not be surprised—by adding brine, they use practically everything. Or take carbonate—we hardly ever see it, while they have several types on the counter. Thanks to additives, the Swedes get 110-120 kg of finished products

from 100 kg. In our country, the losses amount to nearly half of the animal's live weight. Where will we ever build up the quantity that will give us sufficiency, given our mismanagement?

And I am not even speaking about vegetables and potatoes—here, there is mismanagement everywhere. In storage facilities, we sometimes allow as much as 70 percent or even more to spoil.

In our situation, it is surely better to purchase processing enterprises abroad on whatever principle—barter or compensation—to invite foreign specialists to set up enterprises in our country for the processing and storage of raw materials, to manufacture intermediate products and to deliver them as "turnkey" projects. Every possible way has to be used to quickly augment the capacity of the processing industry so that it is just as good as "on the other side." At one and the same time, we are training and retraining the specialists of defense enterprises on the job; it will now be their task to update and remake the branches of the food and processing industries.

Incidentally, our committee has managed to establish businesslike contacts with firms of countries not confined to those I have mentioned. In the area of the construction and reconstruction of meat and dairy combines, the French firm "Sefal" is beginning to collaborate with us.

I am convinced that there is no point in our buying grain and meat abroad. We ourselves are capable of producing them. It is twice as profitable for us to buy technology and equipment for the foreign exchange that would be made available. They will pay a return quickly. Take the simplest example. Combines purchased in the GDR have been operating on our farm for two years. Their productivity is three times as high as Soviet-made combines, and grain losses are reduced to the minimum.

[Correspondent] And in conclusion of our interview, Arkadiy Filimonovich, what is your forecast as to how soon we will be able to feed the country?

[Veprev] It would be irresponsible to announce that this will be in a year or sooner. Our country is immense, and it will be two or three years yet before a sufficiency of foodstuffs is on our dining table. During that time, it seems to me, we will be able to mitigate the acuteness of the food problem, and in doing so we will also be reducing the social tension in society. It is important not to succumb to the temptation of simple solutions where they simply do not exist, to maintain the priority of rural development at any cost, regardless of the difficulties, and to prevent a gap opening up between words and deeds.

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MAJOR CROP PROGRESS, WEATHER REPORTS

Measures Being Taken to Improve Harvesting Situation

Ministers Describe, Quantify Problems

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First Edition p 1

[Article by D. Valovoy: "'The Harvest Must Be Saved!'"]

[Text] The appeal—to save the harvest at all cost!—was repeated over and over on 2 August at the expanded session of the Presidium of the USSR Council of Ministers. Opening the session, the chairman of the Council of Ministers, N. Ryzhkov, said that an unusually rich crop is now ripening, therefore extraordinary measures are needed to gather and store it. A trip to Saratovskaya and Uralskaya oblasts, as well as familiarity with the numerous telegrams received by the government, has made it clear that a critical situation has developed with respect to the harvest in many regions. In many places the crop is gravely threatened—not only the grain crop but the vegetable, fruit, and grape crops as well.

In his announcement, the chairman of the State Commission for Food Production and Purchase of the USSR Council of Ministers, V. Nikitin, said that the next month to six weeks would decide: would the country have bread and feed or would we permit a sharp decrease in the supply of food to the population. According to the most conservative calculations, he said, today approximately 300 million tons of grain have ripened in the fields. According to usual measures we lose 30-40 million tons. Even given these "inevitable" losses, we could have 250-260 million tons of grain. But this will take an exceptionally concerted effort on the part of all society. Saving the crop must be considered a nationwide cause! The deadlines here are right, and in some places they have already passed.

What are the most critical problems today? First is the shortage of machine operators. One fifth of the combines ready for the harvest have no operators. In many rayons there are fuel stoppages. And the spare parts situation is especially catastrophic. There are not enough accumulators, belts, and many other "minor parts," without which expensive equipment is useless. Suffice it to say that more than 50,000 vehicles are standing idle at Agroprom for lack of belts, accumulators, and other spare parts.

In many places the following scene is observed. The party organs have already "ceded" power and detached themselves from the harvest, but the soviets have not taken this matter into their own hands. Fortunately, in many regions the party organs are taking care of the harvest, and there the situation is more or less all right, even good here and there. Some rayons have already not only fulfilled but overfulfilled their purchase plan. There is a great plea to mobilize students and resolve the numerous problems of material-technical supply,

without which it is simply impossible to deal with this kind of a crop. The situation is especially difficult with respect to highway transport and in several places with rail transport as well.

V. Nikitin identified yet another issue: tobacco. The fact that there are no cigarettes of any kind in the countryside during this busy time has now become a critical problem. Right now, of 50 tobacco factories, only 39 are in operation. We are taking all measures in order to speed up and increase the output of tobacco products; we need the help of other departments, and we hope that through joint efforts we will quickly resolve this problem.

Most alarming is the fact that there is only enough packing material for one-third of the rural population, chiefly wooden boxes and jars.

Expressing his wishes and criticisms with respect to the local organs, V. Nikitin cited the following example. On the 25th, 2,500 tons of beautiful gifts of nature from Uzbekistan arrived in Moscow. A thousand tons were unloaded, but one and a half thousand are still rotting in the freight cars. They aren't being unloaded.

It was with the unloading of freight cars that the first deputy transportation minister of the USSR, V. Ginko, began his speech. He said that at the most critical moment in the harsh winter of 1988, when we were lashed by snowstorms and blizzards and coal and iron ore were frozen in freight cars, 5,000 freight cars had not been unloaded. This was a tragic statistic for those times. But today 25,000 freight cars have not been unloaded. And this is in the summertime. Railwaymen are taking desperate measures to save the harvest, but so many problems are preventing us from dealing properly with these very complex tasks. Suffice it to mention the tragedy in Samtredia, where 258 trains have piled up, including a thousand grain cars. The loss inflicted on transport at Samtredia will be felt to the end of the year.

The USSR minister for motor vehicle and farm machinery construction, N. Pugin, proposed sending no less than 10 per cent of the department's vehicles and the necessary quantity of labor resources to the harvest. Among the most critical problems, the minister cited the shortage of metal. Today, he said, grain, vegetables, and feed are being harvested. Tomorrow the beet and corn harvest will begin. But the work of the enterprises producing the corn-harvesting and beet-harvesting combines has been halted. There is no metal production: shortfalls have reached 40 per cent. People are abandoning the factories, scattering, especially for the cooperatives, since the factories cannot guarantee the collective's pay.

With respect to this issue, the USSR minister for metallurgy, S. Kolpakov, said that unfortunately this was the case not only for machine construction. He drew a very sad picture. The branch had been shorted hundreds of thousands of tons of coal, iron ore, and scrap metal. Many open hearth and blast furnaces had been stopped

due to the lack of raw materials. Therefore the nonproduction of hundreds of thousands of tons of metal. The minister proposed proclaiming a two-month emergency in the country in order to save the harvest.

The chairman of the Mossovet ispolkom, Yu. Luzhkov, talked about the inauspicious situation taking shape in the capital. This year there has been an unprecedentedly low level of supply of fruits and vegetables: approximately 85 per cent of the preceding year. Among causes he cited two: first, the decline of discipline among suppliers, many of whom are not supplying produce according to contract; and second, prices. Many suppliers have inflated contracted prices, making fruit and vegetable production in the capital unprofitable.

The first deputy chairman of the RSFSR Council of Ministers, RSFSR minister of food and agriculture, G. Kulik, supported S. Kolpakov's suggestion to institute a state of emergency in the country for 60 days and subordinate the entire activity of the country to saving the harvest. He directed many suggestions and critical comments to the mass media. Turning on the television, he said, we can watch the sessions of soviets at various levels and how they each spend several days discussing the renaming of streets, towns, and so forth. It seems to me, he said, that problems like these can be left until after the crop has been harvested. Everyone knows there is no hard currency for food purchases. Therefore a state of emergency, in his view, would be very much to the point. This proposal found support from other members of the government, too.

In conclusion, Nikolay Ivanovich Ryzhkov said that it was hardly worth proclaiming a state of emergency, since the very term put people on their guard, but the actual measures we undertake must themselves be of an emergency nature. The situation dictates this for us. In order to supply the country with bread and feed, we need to buy 85 million tons of grain, whereas 22 million have been bought. In comparison with last year, we are a billion rubles' worth of fruits and vegetables short. Therefore we need to take decisive measures and institute them literally as of tomorrow.

First. All departments must allocate 10-15 per cent of their vehicles with drivers for harvesting the crop. They can determine exactly where to send them with Agroprom. Moreover, a corresponding amount of equipment is to be sent from the Defense Ministry.

Second. All departments must immediately give the necessary rights and instructions to the labor collectives in each region, and at each point assign the necessary quantity of labor resources for the harvest. In the next day or two, the issue of sending students to save the harvest must also be resolved with the student organizations and the Education Committee.

Third. The problems of supplying fuel, spare parts, and other types of material-technical supply must be solved operationally.

In conclusion, N. Ryzhkov addressed a request to the mass media not to skimp on space for illuminating the harvest's progress, to show the heroic labor of the people who work till one in the morning and at six o'clock are once again at the wheel.

Council of Ministers Discusses Aid Measures

904B0275B Moscow TRUD in Russian 3 Aug 90 p 1

[Article by V. Shchurov: "Harvest 1990: A State of Emergency"]

[Text] It looks like the harvest effort has brought with it a time of trials for all of us. An excellent crop has been raised in the countryside through the efforts of farmers and Mother Nature. There are enough potatoes and vegetables in the field to bring down present-day prices in the markets and lay in a supply for the future. In the granaries and standing there are at least 300 millions tons of grain. But the danger is great that a significant portion of what has been raised will be lost. It is no accident that by the end of July we had gathered 350,000 tons of grain less than a year ago. Slightly more than one-quarter of the plan, 22.5 million tons of grain, has been poured into the state's granaries.

Reasons for the shortfalls in the harvest, reasons which have already set our teeth on edge, were cited once again by members of the government. Thousands of vehicles and combines are standing idle on farms for want of spare parts. In Povolzhe and Kuban there aren't enough freight cars to take the grain away. In Saratovskaya Oblast, whence Prime Minister N. I. Ryzhkov has just returned, kolkhoz machine operators are already plowing vegetables under because there's no one to harvest them and nothing to harvest them with. Industrial enterprises, shifting over to a cost accounting system, are canceling their special arrangements with kolkhozes. Command methods have been relegated to the archives, and the partners have yet to find economic stimuli.

As a result, the harvest is perishing.

"The search for economic methods takes time," said N. I. Ryzhkov. "But how can we wait today? We need to make every effort to save the harvest."

The countryside lacks the strength to do so. Just one statistic: annually about a million people leave the countryside for the city due to social disorganization and difficult working conditions. At nearly every second farm, even between seasons, there aren't enough working hands, so what can we expect at harvest time? What is to be done? The deputy chairman of the RSFSR Council of Ministers, G. V. Kulik, supported by many members of government, has proposed proclaiming a state of emergency. In order to send urban workers and students to the harvest by force of authority and thereby solve the personnel problem at a stroke.

This method is neither new nor cheap. Previous years have proven quite convincingly that compulsory labor is ineffective: you can't make someone work well under the stick. So the leaders of the ministry partners have proposed that agriculture remove imposed pay restrictions and find forms of stimulus that will interest bosses in helping in the harvest. There are examples of this, by the way. Although there are more regions where, as of old, they are counting on a "free" workforce from the city. That's why they're no better off than before.

However, the problem is not only a matter of harvesting the crop. There are many obstacles on the path from harvest to buyer. The chairman of the State Commission for Food and Purchases of the country's Council of Ministers, V. V. Nikitin, cited a characteristic example. In July, 2,500 tons of fruits and vegetables arrived at the Moscow market from Central Asia. The freight cars couldn't be unloaded in time, only a small part of the produce was sold, and the vegetable depots won't take it. So today, when there is a shortage of vegetables in the capital and prices for them are high, freight cars are standing on the rails unloaded. It turns that it's unprofitable for business to take these vegetables. If they're sold at government prices, the profits will not cover expenses.

Judging by everything, the fate of the harvest does not overly concern Tsentrosoyuz, which has been sharply criticized. In the south of Russia, in Central Asia, there is relatively inexpensive fruit, but procurement officials aren't lifting a finger to buy them there and sell them up north. It makes you think of the recent struggle with the trade-purchasing cooperatives. They were shut down, and the merchants got their hands slapped. Now the government is once again calling on them to revive, but there's no trust.

The examples are characteristic and shed light on much in the present-day situation. Having proclaimed a course leading to a market economy, we are dashing from one extreme to another and doing too little to establish new economic relations. That is why factories, procurement officials, and tradesmen are in no hurry to help the countryside out in its difficult hour. What is left for the latter? In Yaroslavl'skaya and Permskaya oblasts, farmers' strike committees have been formed. The villagers threaten to put the city on starvation rations if they don't help. The farmers' problems are understandable. But the ultimatum is not the proper language for negotiations.

Obviously other paths are needed. Judging from the discussion in the Presidium, the members of the government don't see them. Above all in the search for mutual interest, mutual profit between the enterprises of town and country. The question is whether economic methods can be applied in time. Too much time has been lost, and the grain is standing in the field.

"It is time to make a decision," said N. I. Ryzhkov in conclusion. "We need initiative and daring from each of

us. If we don't manage to save this rich harvest, then what is the cost for you and me?"

The question, naturally, is rhetorical. But it is impossible not to see that the harvest is once again testing the stability of the public economy. If the kolkhozes and sovkhozes have as yet undisclosed potential, then this is the time to prove it. References to the weather are inappropriate now: Mother Nature has gone all out for the harvest.

The government has set forth immediate measures for the organization of the harvest effort. They have decided to send no less than 10 per cent of the available means of transport from the city in two days and to turn to high school and college students for help. Ministry leaders have been told to work with the directors of subdepartmental enterprises in order to send as many people from the city as are needed in the coming days to harvest vegetables. They decided not to declare a state of emergency. Let us hope that the measures undertaken to save the harvest will be sufficient.

Steps To Gather Abundant Harvest

904B0275C Moscow RABOCHAYA TRIBUNA
in Russian 3 Aug 90 p 1

[Article by A. Krotkov: "Anxieties in the Grain Field: The Unprecedented Harvest Must Be Saved"]

[Text] A proposal to declare a state of emergency in the country for a month or two was made by nearly every other speaker at the expanded session of the Presidium of the USSR Council of Ministers held yesterday in the Kremlin. The issue under discussion in the Presidium is how to gather the country's unprecedented crop.

As most of the speakers noted with alarm, the harvest campaign is threatening to break down. In the fields 300 millions tons of grain have ripened, but first of all there's no one to gather it and second of all there's nothing to gather it with. Thirdly, there's nothing to transport it in from the fields.

In past years city dwellers have rendered the countryside great assistance. But now, with the transition to cost accounting, enterprise leaders are refusing to send people off for farm work, although the workers are ready to respond to the villagers' appeal, as the chairman of the USSR Council of Ministers, N. Ryzhkov, back from a trip to Saratov'skaya and Uralskaya oblasts, noted in his speech. Many students are refusing to go to the fields as well. They are demanding appropriate contracts be drawn up for the work. And in some oblasts kolkhoz farmers are already threatening to cut off the milk and grain taps to the city.

The situation is unprecedented. What is to be done? Do we actually have to proclaim a state of emergency in the country and drive people into the fields by force? Nikolay Ryzhkov in his closing word rejected this option.

To aid the countryside, 10-15 per cent of the transport allotted to urban enterprises and organizations will be sent off. Moreover, drivers will be provided along with the vehicles. The ministers present at the Presidium were given strict instructions: in the coming days to negotiate with the leaders of subdepartmental enterprises and get them to allot as many people as necessary to help the countryside. A corresponding directive is being prepared for the country's students. The army is to help as well with transportation and manpower. Finally, a significant improvement is envisaged for stimulating the labor of those involved in the harvest.

Will all these measures work? Are they enough? The near future will tell.

Rail Transport Measures, Problems

904B0275D Moscow GUDOK in Russian 7 Aug 90 p 1

[Article by S. Zhuzhgin: "The Harvest Won't Wait"]

[Text] Back from a trip through Saratovskaya Oblast, the head of the Soviet government, N. I. Ryzhkov, convoked the Presidium of the USSR Council of Ministers in order to discuss the issue of the progress of the harvest of grains and vegetables in the country's fields. He noted that right now an unprecedented crop has been raised in virtually all regions. However, significant difficulties have arisen already, at the very outset of the effort.

Despite the enthusiasm of rural workers, it is not within their powers to manage this important national economic task themselves. At hand is a situation not new to our practice in which it suddenly becomes clear at the peak of an effort that there is an acute lack of means of transport, fuel, spare parts, and manpower. Thousands of tons of wheat ready for shipment have accumulated on threshing floors.

The situation is no less complicated with the harvest of fruit and vegetable production. If the deadline is missed, if the wealth raised is not dealt with efficiently, it will simply have to be plowed under in the field. And this at a time when the shelves of city stores are empty and the prices at the markets are fantastic.

N. I. Ryzhkov asked the leaders of the ministries and departments to state which measures should be taken in order to speed up the harvest and get the crop to the storehouses, how to fix the system of economic stimuli in order to activate the city's assistance to the countryside. Serious criticism was leveled at the recently elected local soviets, which have proven to be at such a loss. Meanwhile in several oblasts the creation of peasant strike committees are already well known facts. They categorically refuse to supply the city with their agricultural production if they don't get the necessary help from industrial enterprises.

Despite the fact that the railway system has transported about a million tons of wheat above the plan, the first deputy transportation minister, V. Ginko, who attended

the session, was forced to listen to many reprimands. A sufficient reserve of specialized grain cars and closed cars for taking out more wheat has not been established everywhere. There are stoppages in the supply of fuel to rayons involved in the effort.

In short, the situation is sufficiently complex that any day the slowdowns could mean great losses—and already are. What must be undertaken?

Some ministry leaders proposed instituting a state of emergency in the country for the period of the crop harvest, passing a resolution to close the scientific research institutes, VUZes, and technical colleges until October and putting the "freed" manpower into the fields, "as we used to do before." The head of the government did not agree with these kinds of attempts to return to the usual command. In his closing words he nevertheless gave the ministries instructions to ask the labor collectives, college and high school students, and army subunits to look upon the critical situation with understanding and render effective, wholehearted assistance in these busy days.

Fuel, Transport Problems Hamper Harvest Efforts

Fuel, Vehicle Availability

904B0254A Moscow IZVESTIYA in Russian 3 Jul 90
Morning Edition p 1

[Unattributed article: "For Agriculture—From the Reserves"]

[Text] Within the USSR Council of Ministers and involving extensive participation by the agro-industrial committees of the union republics, a review was undertaken of those questions concerned with providing support for harvest operations and practical solutions were handed down directed towards radically improving the fuel supply and increasing the deliveries of spare parts, rolled metal and other logistical resources required for the timely carrying out of the crop harvesting operations.

The USSR Government has tasked USSR Gossnab [State Committee for Material and Technical Supply] and the republic supply organs with correcting, prior to 15 July, the shortages in the deliveries of motor vehicle gasoline, diesel fuel and oils to agriculture, ensuring the priority release of fuel and lubricating materials to agricultural consumers and increasing responsibility for the sale of the funds allocated strictly as intended. Additional quantities have been allocated—950,000 tons of motor vehicle gasoline, 200,000 tons of diesel fuel and 5,000 tons of diesel oil—from the reserves of the USSR Council of Ministers for harvesting the crops. This will make it possible to increase by 14 percent the funds allocated earlier to agriculture for the July to September period.

During this same period, the industrial ministries and departments must correct the shortages in the deliveries to enterprises of the agro-industrial complex of tractors,

agricultural machines, spare parts, lumber materials and other products. USSR Minavtoselkhoz mash [Ministry of Automotive and Agricultural Machine Building] is under an obligation, prior to 1 August, to equip the grain harvesting combines delivered this year with harvesters, such that they can be included in the work.

Additional resources of rolled metal, piping, cable products, cement, slate and other materials have been allocated by means of their redistribution among consumers, with the plans calling for the needed machines and materials to be shipped to agriculture ahead of schedule.

The USSR Government has handed down a decision calling for 30,000 motor vehicles with drivers from military units of the USSR Ministry of Defense to be made available for hauling the crops. In addition, tires for the motor vehicle pool of kolkhozes and sovkhozes have been made available from the reserve.

In the interest of stimulating those farms engaged in selling grain and the seed of oil-bearing crops to the state over and above the contractual obligations, 10,000 trucks and 10,000 small motor vehicles, 2,500 autobuses and some other machines for which there is a high demand among enterprises and organizations of the agro-industrial complex are being supplied on a special purpose basis.

In addition, for the purpose of encouraging those kolkhoz members and sovkhoz workers who achieved high indicators in the growing and harvesting of grain crops during the current year, the plans call for 10,000 small motor vehicles, 5,000 motorcycles, 100,000 refrigerators, 100,000 television sets, 30,000 sewing machines and 100,000 washing machines to be made available for sale to them during the 1st quarter of 1991 through consumer cooperation.

The USSR Ministry of Railways, the RSFSR Ministry of the River Fleet and the USSR Ministry of the Maritime Fleet have issued instructions calling for the priority availability of freight cars and ships for the shipping of grain, fruit and vegetable products, equipment and materials and the establishment of daily control over the transporting of agricultural freight.

Lack of Fuel

904B0254B Moscow IZVESTIYA in Russian 5 Jul 90
Morning Edition p 1

[Article by V. Kononov and A. Savirov: "Again With Fuel For A Fire"]

[Text] Rich ears are standing in the field and alongside one sees combines that are idle owing to a lack of fuel. This situation is occurring frequently during this year's harvest operations. Moreover, the situation is especially critical owing to the fact that fine crops have ripened in a majority of the grain regions and the food problem has recently become more aggravated.

The USSR Council of Ministers has undertaken extreme measures aimed at improving the fuel supply for grain growers. But alarming signals regarding the idle time of equipment, as a result of fuel shortages, are being received from various regions of the country where the harvest operations are in full swing.

Why is it necessary once again to "wage a battle to bring in the grain," to harvest the crops under extreme conditions, to employ special measures and to allocate additional fuel from the reserves of the Council of Ministers? Indeed, these extreme measures are already bringing about losses. A tremendous price is being paid not only each day but even each hour for harvesting the crops.

What has happened this time with regard to the fuel?

"The production of petroleum products is dependent upon the extraction of petroleum," stated the minister of the USSR Chemical and Petroleum Refining Industry, N. Lemayev. "And compared to last year, the oil fields are supplying fewer raw materials this year. Accordingly, the refining volumes have declined. Nevertheless, we are fulfilling and even over-fulfilling our plans by improving the technology and increasing the recovery of light petroleum products. During the six-month period, 50,000 tons of motor vehicle gasoline and 560,000 tons of diesel fuel were produced over and above the plan. The government is allocating additional raw materials for the refining work. And all of this fuel is intended for the agrarian sector. But here is the paradox: an alarm is being sounded in all areas regarding a fuel shortage, despite the fact that at the present time a million tons of gasoline and diesel fuel have accumulated at the warehouses of our enterprises! The finished fuel is not being shipped owing to sluggishness on the part of the consumers and the chief distributor of the fuel—Goskomnefteproduktov. It is noted that the technological refining process is being held back owing to delays and irregular shipments."

The situation described by the minister would truly be paradoxical if it was not a common occurrence. This is not the first year that a severe product shortage has appeared, nor is fuel the only product involved, a product that is found in abundance at the warehouses. As a rule, it is a futile endeavor to attempt to find intrigues or saboteurs at work here. These same workers attached to Goskomnefteproduktov, for example, are at the present time addressing their own complaints against the consumers—kolkhoz members and sovkhoz workers—regarding their wasteful attitude towards fuel. And surely the farms have even greater problems and complaints.

The chain reaction of disorganization and various types of deficits represents the seamy side of the planning and distribution system. The desire to replace the market by administrative control over the economy does not produce such paradoxes or absurd situations. Still another such example is related by our free lance correspondent B. Karpov in Khabarovsk.

Thousands of freight cars that are needed at the present time and that are loaded with coal, timber and petroleum products, intended for shipment abroad, are standing idle at the railroad stations. This gigantic traffic jam is the result of lack of training or insufficient planning. It is interesting to note that the petroleum products needed for the harvest work will be sold abroad so that some time later on we will be able to purchase our grain abroad.

Given today's critical harvest situation, it is certainly obvious that we cannot proceed in the absence of extreme measures. The grain cannot wait. But indeed the next "fire" will not be extinguished because the administrative dictates over the economy have recently been weakened somewhat. To the contrary. As yet, the officials still issue dictates and not the market. Hence, this explains all of the problems and the methods for solving them.

Roads Pose Problems

904B0254C Moscow PRAVDA in Russian 6 Jul 90
Second Edition p 8

[Article by V. Parvenov: "Roads For The Harvest"]

[Text] Puffs of smoke are rising in increasing numbers over the field roads among the ripening grain crops. Motor vehicle trains loaded with grain are moving along the narrow roads, rocking severely as they proceed along the routes. The grain of the new harvest is being moved from the fields. Each pothole causes the vehicles to rock to the side, allowing the grain to fall out onto the road—into dirt, sand and puddles. How much grain is being lost along each poor field road? Unfortunately, nobody is able to calculate this figure. The losses are greater in those regions where the worst roads are found. How are the grain routes being built and prepared these days? Answers to this question are furnished by the leaders of road transport construction in the country's largest grain areas—Russia and the Ukraine.

V.M. Vidmanov, deputy chairman of RSFSR Gosagroprom [State Agro-industrial Committee] (he directs the construction and restoration of intra-farm roads in 41 krais and oblasts of the RSFSR—with the exception of oblasts in the non-chernozem zone):

Hundreds of thousands of individuals are working in the powerful Rosagropromstroy Association. This year the association must carry out one billion rubles' worth of road construction work alone and turn over 6,700 kilometers of roads. During the first six months, only 1,100 kilometers were introduced into operation.

As you can see, the road workers have accomplished something in behalf of the new harvest. But only "something." Certainly, fine roads are needed in the rural areas, not only during the busy harvest period. However, their poor condition today can literally "shut down" the grain flow and bring about tremendous losses.

What is preventing the road workers from working in a normal manner? An acute shortage of crushed stone, gravel and other materials. The railroad workers are not supplying these materials in a timely manner. The

number of freight cars being made available for road construction work is one fourth less than the amount needed. There is a shortage of asphalt. The petroleum refiners are sending a half-finished product—tar—in place of asphalt. The builders themselves must convert it into asphalt. Certainly, this is lowering the quality of the covering. At many installations there is a shortage of asphalt-laying machines, heavy machines and excavators. The machine builders are not doing their job.

In the krais and oblasts of the RSFSR, where Rosagropromstroy is in operation, a requirement exists for installing 297,000 kilometers of roads. By the end of the 12th Five-Year Plan, the routes will reach 50,000 kilometers in length. This will represent less than 20 percent of the requirement. Thus, a great amount of work remains to be carried out. If the work is not accelerated, we will be unable to eliminate the losses in grain, sugar beets, vegetables and fruit in the immediate future.

Crops are being lost not only on intra-farm but also on the mainline roads. The situation here is also bad. Here is what the RSFSR Minister of Highways V.A. Brukhnov had to say:

"The republic's requirements for good roads are 10 times greater than they appear to be. An investment of 180 billion rubles is needed in order to raise them to normal condition. Certainly, the country does not have such funds at its disposal. This year, 6.4 billion rubles have been allocated to us. Thus we will need 30 years in order to introduce proper order into our network of roads. Such a prospect is hardly comforting to our grain growers. To the extent that it is possible, we are striving today to lessen their concern with regard to shipping the crops and also to accelerate the turning over of installations. Compared to other regions, better road construction work is being carried out in the Udmurt ASSR and in Kirov, Arkhangelsk, Pskov, Kalinin and Yaroslavl oblasts. This year, the work volumes here increased by a factor of 1.5-2. The work is proceeding at a slower pace in Ryazan and Tula oblasts. And in Stavropol Kray, as a result of prolonged rainfall, many routes cannot be used because of landslides. We are providing assistance in making these routes usable once again."

The road workers are not being supplied very well with either materials or equipment. The Orel Machine Plant is not fulfilling its orders for the shipping of autograders. KamAZ is falling short in its shipments of motor dumptrucks. Moreover, the machine builders are reluctant to sign contracts with us for equipment deliveries.

"The administrative economy is collapsing," stated V. Brukhnov, "while the market economy is still not operating. We find ourselves in 'somewhat of a fix.' For example, the government issues an instruction to the ministries, but nobody pays any attention to them at the enterprises. Today everyone is concerned with politics and it appears that production operations are being ignored. Thus difficulties are being encountered in

installing the routes and in maintaining hundreds of thousands of kilometers of existing roadways."

Nor is the situation any better in the Ukraine, where the crop harvesting operations are in full swing. The deputy minister of the Ukrainian Minavtodorstroy, A.N. Legkokonets, complains about the acute shortage of gasoline, as a result of which interruptions are being experienced in the operation of road equipment.

"The suppliers of gasoline and other construction materials are now demanding other values and materials in exchange, in accordance with the principle of 'You for us and us for you.' But what can we offer the machine builders in exchange for an asphalt laying machine? Our situation is serious owing to the fact that the construction of routes is not included on the list of priority undertakings. How is it possible, in the face of poor road conditions, to solve the food problem or to build up the rural areas? The people are outraged: why has the branch become a type of no man's land? An urgent need exists for creating all of the conditions required for the normal construction of roads, which quite properly should be viewed as vital arteries for our economic mechanism."

From the Editorial Board

It is apparent from the discussions mentioned that the situation along the country's grain routes is far from satisfactory. We can only agree with the statement by those leaders responsible for the construction of highways: the shortages in logistical resources are preventing them from carrying out their work in a successful manner. However, even under these conditions there are many trusts and sectors which are successfully carrying out their food programs. It would appear that reserves are in fact available.

Certainly, it is easy to explain the reasons for the breakdown in the plans for highway construction. But this will not accelerate the flow of grain. Today our soviet and economic organs and the farmers and road workers must together find the means for breaking down the barrier blocking the path along which the crops are being transported from the fields to the granaries. True, it is better if we do this ourselves rather than have to purchase grain overseas after having lost our own grain. We will thus avoid having to lay out currency or establish maritime routes.

Military, Agriculture Clash Over Manpower

General Staff Member Interviewed

904B0270A Moscow SELSKAYA ZHIZN in Russian
28 Jul 90 p 2

[Interview with Col A. Voronetskiy, deputy section chief of the General Staff of the USSR Armed Forces, by V. Simonenko: "Tractor Drivers Under the Gun"]

[Text] Training sessions: Are they the whim of the Ministry of Defense or a state mission? Our correspondent discusses this with Col A. Voronetskiy, deputy section chief of the General Staff of the USSR Armed Forces.

"I was at the 10-day 'military' call-up. So what! We fooled around and ate slop. And we came back. They paid us money for this time. By the way, as far as I can recall, it was not out of the pocket of the Ministry of Defense." "It is the haying season here and they called them up as soldiers without any warning...." These are lines from letters to the editor's office. Everyone is familiar with such conversations! What a range of feelings is reflected on the faces of the men of our immense Motherland who took from their mailboxes notices ordering them to appear at the military commissariat!

[Simonenkov] Anatoliy Mefodyevich, it is no accident that we have turned to you. A notice from Orenburg Oblast was published in one of the issues of our newspaper. It stated that at the height of the farm work they called up specialists for military training sessions without any warning, people who are especially needed by the farms during such an active time. Why is such a thing happening and how justified is such a practice? The newspaper appealed to the General Staff with this question in its pages but until now it has not received an answer.

[Voronetskiy] First of all I must tell you that we have not received a request from the editor's office that we explain the existing situation. And unfortunately, none of our officers subscribes to SELSKAYA ZHIZN. This is why we did not react to the information.

Now as to the essence of the matter. We are guided in our activities by legal enactments. In accordance with these enactments, the training sessions take place during times coordinated with soviet and party bodies of the republics, krays and oblasts. And I quote from the decree of the USSR Council of Ministers dated 20 August 1985: "Tractor drivers and combine operators working at kolkhozes and sovkhozes, mechanics working at enterprises involved in the repair of farm machinery, directors of sovkhozes and chairmen of kolkhozes and leaders of field-crop growing brigades of kolkhozes and sovkhozes in the period of field and farm work" are not subject to being called up for training.

We send the directives on the carrying out of training sessions to the staffs of the military districts three to four months prior to the start of these measures. The military commissariats coordinate specific times for the conducting of training sessions with the leaders of the republic, kray and oblast link.

By the way, it is necessary to mention something else. The effective period of the decree of the Council of Ministers that I named expires in August of this year.

[Simonenkov] What is the objective of the military training sessions?

[Voronetskiy] We must maintain each reservist's knowledge and practical skills in handling military equipment at the appropriate level.

I know that many do not take service in the reserves seriously. Nevertheless, Article 5 of the Law of the USSR on the Universal Military Service Obligation states: "Military service is made up of active military service and service in the reserves of the Armed Forces of the USSR."

[Simonenkov] Apparently the times and frequency of the conducting of training sessions is regulated in accordance with this?

[Voronetskiy] For the uninitiated, what you are asking about amounts to "intrigues of the court of Madrid," which the Ministry of Defense weaves at its own discretion. Some people get the impression that these periods depend upon the whim of some officials. This is not the case. Everything is regulated by law.

Under the law, the USSR minister of defense has the right in case of need to keep reservists in training sessions up to two months beyond the period established by law and also to increase the number of training sessions for soldiers, seamen, sergeants and reserve petty officers of the first and second categories as long as their total time in training is not exceeded.

[Simonenkov] Yes, the "arithmetic" is complicated. But tell us, is there really a need to take such a large number of men away from their jobs? And would it not be better to use their hands in the national economy? Many of our readers are asking about this. And they justify their thoughts not only through the signs of crisis in the country's economy but also by the warming up of international relations.

[Voronetskiy] Let me be understood correctly but, hand on heart, let us say that some comrades often begin to show particular concern about the well-being of the state only when they have to put on their military uniform. "National thinking" and concern about the affairs of the native labor collective appears immediately. We should have such patriotism on our jobs!

As for the training sessions, the answer here is still unequivocal. They are necessary. For no matter how loudly we talk about general peace, the USSR is still encircled by military bases and the military blocs are viable. There are a number of other factors indicating that not everything in the military area is as favorable as one would like. So the army is still needed. By the way, we reduced it on a unilateral basis. Accordingly, logically we must have a strong reserve. And the reserve must have trained soldiers. As I said, the existing system of sessions is for their training.

Here the question involuntarily arises: How are things going "for them"? So far neither the United States nor the FRG nor Great Britain have allowed themselves to give up training sessions. An analysis of the exercises

carried out every year in the NATO countries shows that in West Germany, for example, mobilization deployment is basically concluded within eight to ten days. And the first human resources arrive within four to five hours after the signal. This is why military training sessions are carried out annually in the FRG at a high organizational and methodological level. Reservists (let us call them that) live in the region of the deployment of the unit and do not have the right to move to another place of residence in the course of a certain time without special permission.

In the United States, despite the warming of international relations, the training of reservists not only has not diminished but has even increased.

[Simonenkov] But here the training sessions are costly for the state. And our resources are strained. This is especially so when enterprises are shifting to cost accounting, when individual farms and cooperatives are arising and when the country is preparing to take the path of a market economy.

[Voronetskiy] You have touched upon a very complicated matter. We are now guided by Article 72 of the Law of the USSR on the Universal Military Service Obligation. It states the following principle: "The workers, employees and kolkhoz members called up for training or commanders' classes retain for the time of the training (commanders' classes), including the transportation time to the military unit and back, their position (work) and are paid the average wage for their place of work." This position is still being observed.

We understand that the question of financing remains acute. It is therefore under study. I will refer to the conclusion of the Central Financing Directorate of the Ministry of Defense on the letter of People's Deputy of the USSR A. Orekhov, which in principle touches on the same problems as you do. So that, in connection with the radical economic reform being carried out in the country, it stresses in conclusion that they are preparing a draft military reform, which will reflect questions in the financing of training sessions.

[Simonenkov] Anatoliy Mefodyevich, we talked about training sessions that were regulated by the Law of the USSR. But there are also so-called special sessions, in which soldiers called up from the reserves work in the harvest, under the extreme conditions of Chernobyl or eliminate the consequences of the earthquake in Armenia instead of improving their combat proficiency. That is, they perform functions not inherent in them. And the time of their labor frequently exceeds all limits permitted by law.

[Voronetskiy] But do you know that we ourselves are tired of such sessions and are categorically against them? We are firmly convinced that people should be brought into service on the basis of the Constitution of the USSR and the Law on the Universal Military Service Obligation. So that what you enumerated must not, in my opinion, be done through our ministry. Apparently it is

easier for some this way. There is no need to rack one's brain about where and, the main thing, how to find human resources. They gave an order and we military people will carry it out. Although we appeal to all levels so that they will eliminate these call-ups or implement them by decision of the USSR Supreme Soviet. There was also a letter with the signature of Minister of Defense of the USSR and Marshal of the Soviet Union D.T. Yazov. For some reason, however, the Supreme Soviet, to whom we appealed, is keeping silent. Apparently it is advantageous to utilize cheap manpower under the banner of training sessions. Although it seems to me that no one has calculated how profitable this is, especially if one considers the frequent lack of organization in the acceptance of personnel by farms, the dramatic increase in accidents and disasters, the barbaric attitude toward equipment and frequently the low productivity of labor. And it is possible to find an explanation for this. After all, the people receive practically nothing for their work from the farms where they labor. But there is a good flow of money to the enterprise where they are only listed during this time. Where is the logic here? I certainly cannot understand it. The result is the just indignation of the people. True it is wrongly directed—to the Ministry of Defense. They see it as the principle culprit in the lawlessness. It is not difficult to guess how this adversely affects the prestige of the army.

Here I see one way to resolve the problem: the voluntary principle of recruitment of people. We have patriots. And if they are paid well, volunteers will be found. And much less manpower is needed than in compulsory mass call-ups. The farms will have responsibility for the utilization of manpower. After all, they will have to pay money out of their own pockets, with all of the consequences resulting from this.

[Simonenkov] And one more question: about the quality of the conducting of the training sessions. Do you agree that there are a lot of complaints about this?

[Voronetskiy] Indeed, in places the quality of the conducting of training sessions leaves something to be desired. This depends to a considerable extent upon the commanders and political workers. And we take them to account for neglect. In so doing, we check out practically every complaint reaching the directorate. I must tell you that approximately 10 to 15 complaints out of every 100 are confirmed.

As for idleness, there are also certain nuances here. It sometimes seems to the soldier that he is not really doing anything. They will put him in service, check him out and talk with him a little. It is during this time that the subunits are coordinated. The commanders of all ranks study their subordinates and people get to know each other. This is also a necessary quality of the military collective. But some get the impression that they are simply wasting time.

And in conclusion, I would like to say that a great deal also depends upon the people who come to us and their

mood and attitude toward the work. For this reason, when they put on their military uniform, let them remember that this is not our whim but a state task.

Stavropol Manpower Problems

904B0270B Moscow TRUD in Russian 18 Jul 90 p 1

[Article by M. Melnikov: "To the Harvest—By Summons"]

[Text] Stavropolskiy Kray—There is superior grain in the fields around Stavropol this year. In many rayons, they are getting an average of 50 quintals of grain and there are fields that are yielding one and a half to two times that much. The beginning of the harvest work has shown that the grain growers are coping with the harvesting and threshing but there is a lack of forces to get the harvested grain to the elevators.

According to estimates of experts, there is a shortage of 5,000 machines for smooth work in the countryside. To supplement the pool of motor vehicles, the authorities of the kray have taken "emergency" measures; they quickly shifted wheeled transportation from construction facilities and from the laying of gas pipelines and roads. "The battle for the harvest" (Is this not the way we loved to write during the years of stagnation?) for a time paralyzed the work in sectors related to the agricultural industry but it was not possible to eliminate the shortage completely. And then, as a last chance, they called the army to help.

The USSR Council of Ministers commissioned the Ministry of Defense with the allocation of two motor transport battalions for the Stavropol grain growers. We note that this is not the first year that the military has helped in the harvest but this time there was a hitch in the implementation of the government's decision. As you know, the armed forces are undergoing conversion and the number of personnel is being reduced. And it turned out that there was no one to put behind the steering wheel in the motor transport battalions: there is machinery but there are no drivers.

"We quickly found a way out," said B. Levitskiy, kray military commissar. "We called up reservist drivers for three months from rayons where our machines are going to work...."

The call-up of reservists was carried out at night under the cloak of darkness. They got the people up out of bed and took them to assembly points, often without explaining what was going on. And then rumors spread in cities and villages that these lads were being sent to regions of...interethnic conflicts. It was as recently as last winter that Stavropol reservists were sent to Armenia to take part in well-known events. At that time, thousands of wives and mothers participated in meetings and achieved the cancellation of the call-up. History might have repeated itself this summer if an explanation on

this had not appeared, even though belatedly, in the local press just at the time when the speculation had reached a critical point.

The situation seemed to have cleared up but confusion remained. Judging by all appearances, the military commissars were wasting their time. For they called up local drivers to use locally. But in the harvest work a driver is frequently shifted to a combine and repairs equipment needed by the farm. The call-up threatened to end in confusion and, alas, the fears were confirmed. In my native village of Grigoropolisskaya, they summoned eight drivers and took two of them, P. Kalmykov and V. Khachatryan, from kolkhoz machinery employed in the harvest.

Yes, a lot of grain means a lots of problems. But I believe that they could be resolved by leasing military motor vehicles and interesting city enterprises in helping the farms in the harvest. But apparently the authorities still think that a worker, after saluting, will toil from dawn to dusk. Is it really still necessary today to prove that involuntary labor is unproductive and ruinous?

Refusals in Rostov Oblast

904B0270C Moscow SOVETSKAYA ROSSIYA
in Russian 27 Jul 90 First Edition p 1

[Article by V. Ogurtsev: "Grain Is Calling, Not the Trumpet: They Refused to Mobilize Reservists for the Harvest in Rostov Oblast"]

[Text] Hardly had the reservists been strictly informed of their impending duty and had just been able to share the news with their families and chiefs, when protesting mothers and wives, enterprise managers and chairmen of sports commissions streamed to the military commissariats. At the plants, cost accounting brigades argued about the army's right and whether or not it was necessary simply to take people away from a labor collective. The workers had to labor not only for those mobilized but also had to give them wages. The negative attitude toward the call-up was aggravated by the fact that the written order to the military commissariat was not the only one: they had already mobilized thousands of people and machines under the policy of the soviets for the collection of an unprecedented harvest.

At the time when passions were heating up, there was a meeting of the May-Day Rayon Council of the city of Rostov-on-Don. People's deputy and officer of the military commissariat Aleksey Morozov proposed that they discuss whether there was any sense in sending soldiers and sergeants of the reserve to the harvest and whether it might not be better to find other solutions.

"At times we do indeed abuse the oath," he said. "That is how it was with the call-up in connection with the conflict in Transcaucasia, which caused open indignation. Unfortunately, we are not drawing any conclusions."

The session of the rayon council supported Morozov with a majority of votes and decided "not to call up

reservists for the collection of the harvest and to assign people and equipment at the decision of the oblispolkom." This created a precedent and the entire oblast followed the example of the May-Day council.

"Originally we intended to mobilize 3,000 people but we made a calculation and came to the conclusion that the harvest 'in shoulder straps' is exorbitantly expensive," says Viktor Vasilyevich Vorodayev, chairman of the Rostov Oblispolkom. "And this is what we explained to the USSR Council of Ministers. The motor transport battalions, of course, will help to get the grain out but then our drivers will have to 'perform duty' for a few months in other oblasts and republics. Secondly, the hauling of the grain requires a quite definite number of machines, if the conveyance is to be well organized. Any increase in their number will result in unavoidable idle time, for the bottleneck of the entire grain conveyor is the elevator. Why doom transport in advance to idle time at its gates? Essentially we can and must rely on our own strengths. It is understandable that some enterprises and organizations are not especially eager to turn people and machinery over to the soviets. And it is necessary to convince, to apply pressure and to demand. Fate gave us such a huge harvest! How can one fail to understand that every ton of it above plan will reward citizens a hundred times over: through excellent bread in the stores, high-quality Don flour and milk and meat on the counters."

Supply, Support Problems Hamper RSFSR Harvest Efforts

Barter Is Primitive

904B0258A Moscow SOVETSKAYA ROSSIYA
in Russian 30 Jun 90 p 1

[Article by V. Mikhaylov: "As Formerly Was The Case With the Papuans"]

[Text] Once again, the combines are out on the fields in the north Caucasus and the harvesting of barley is being carried out at a maximum tempo. An excellent crop is at hand: an average of more than 50 quintals per hectare is being obtained in Krasnodar Kray and on the experimental plots of scientific institutes—up to 100 hectares and more. Full-weight grain is ripening out on the wheat fields. And not only in Krasnodar Kray, but rather throughout the north Caucasus on the whole. Similar to last year, increases are expected in the Volga region, the chernozem kray and in the non-chernozem zone. Siberia was not so lucky; Irkutsk and Omsk oblasts, the Altay Kray and the Buryat, Yakut and Tuva autonomous republics were scorched by a drought. Nevertheless, the authorities of the gosagroproms [state agro-industrial committees] of the RSFSR and the non-chernozem zone of the USSR are convinced that the European portion of the Russian Federation will more than make up for the deficiency.

What will be the extent of this shortage? Certainly, we cannot cite accurate figures. And this is not merely a matter of peasant caution. There is no confidence in the fact that we will succeed in avoiding large losses, since the element of human relationships is at present also transcending subordination. Even to a greater degree than the natural elements. More often than not a crisis is cited as the reason for this; that is to say, we are not at fault. Truly, it is possible to control the factors which constitute its make-up. Everything appears to depend upon control, with the root of the evil being the fact that the former administrative-order levers have become weakened or disconnected, with the hopes raised by the control panels for economic regulation being dashed. Those operating the control panels are not realizing the desired results.

Let us begin with the fact that the machine-tractor pool has been prepared for the harvest work much worse than was the case last year: according to preliminary computations, the daily output is inadequate and if everything remains as in the past it will be lower by a minimum of two hectares; for the republic as a whole, this will result in a tremendous over-expenditure of labor and resources. The cause is the same as that experienced 5, 10 and 30 years ago: an acute shortage of spare parts.

"Never before has it been this bad," complained the chief of the Department of Technical Services for the Machine-Tractor Pool of RSFSR Gosagroprom, A.I. Dolgoplov. "Moreover, no funds are being issued."

Why? I have before me a telegram sent to Rostov from Smolensk Oblast, bearing the signature of the deputy director of the Rostavl Automobile Assembly Plant, Comrade Kormer. He writes in a straightforward manner and with no embellishment:

"The issuing of products will be carried out in exchange for the following construction materials: cement, linoleum, liquid asphalt, decorative tile, lumber, round timber, boards, cast iron batteries, glass, brick, metal and textolite." Bundles of such telegrams can be found in all of the agroproms [agro-industrial committees]. This is not viewed as a special incident there. It is almost as though the norm cannot be achieved otherwise. The peasants sadly view their fields and barns: they are not furnishing either boards, cast iron or asphalt and the products which they are supplying were long ago covered by the goszakaz [state order]. What is to be done? The residents of Russian villages have long dreamed of such market relationships. Where are we going? No, not to capitalism and not even to feudalism. For all practical purposes, Russian history cannot recall a period given to an exchange in kind: during the 9th century it was possible to acquire everything offered by one's own or foreign guests for a Novgorod 10-kopeck coin. The present system of poor market relationships is a direct copy of the Papuan economy of the Miklukho-Maklaya period.

Can we make a prediction? Are we able to look somewhat into the future? It would appear that the answer is no. The impression is created that behind the economic control panels each individual presses his own button while displaying no concern for the remaining ones. It is well and in fact it is very good that they finally raised the purchase prices for grain. Although this was done on a tardy basis, towards the end of the sowing period, it nevertheless produced certain results: despite the fact that the grain crop sowings declined recently, they are now increasing and today they have reached more than one half million hectares. In Krasnodar Kray, for example, approximately one million tons of grain have accumulated at the present time. It should be turned over in exchange for mixed feed, but the prices for the grain intended for such an exchange remain as before and the kolkhozes and sovkhozes do not know what to do: to accept a loss or to retain the forage for themselves, such that subsequently it can be processed through their mills and feed preparation houses.

"Permit me to say a bit more: in the past, meat production did not furnish a great amount of profit," stated the 1st deputy chairman of the Stavropol Krayagroprom [kray agro-industrial committee], N.K. Baranov. "It is now becoming unprofitable."

The forecast is a gloomy one. In October and November they will begin slaughtering the hogs and some of the cattle in excess of the usual numbers, since it is unprofitable to feed grain to them. We will rejoice for a brief period of time: there will be more grain and meat. A bad hangover will be experienced next spring, at which time the meat counters will be more empty than they are at the present time. Yes, money will be saved through grain purchases and yet the shortage in pork and beef will reduce this savings to naught. Even if the purchase prices for meat are raised commencing 1 January: it is not easy to restore a thinned out herd, since three years are required for raising a cow. In describing the economic situation prevailing in agriculture, during his first press conference, the chairman of the RSFSR Council of Ministers, I.S. Silayev agreed: "We gave some thought as to how we were to proceed, but not to how we were to retreat; a great amount of pressure was exerted upon the union government."

What is to be done? It is dangerous to return to direct orders and commands and quite often it is impossible, even though we cannot proceed in their absence. The chief concern here is to adjust the control panels for our hopes and expectations—the control panels for economic regulation—as rapidly as possible. Is it possible that our country lacks intelligent economists, individuals who are capable of at least foreseeing the main consequences of their decisions? Certainly, we have such individuals and the time is at hand for augmenting pluralism in politics with pluralism in our search for economic and administrative solutions. If this is not done, we will never be able to avoid further new mistakes and new failures.

Problems In Orenburg Oblast

904B0258B Moscow PRAVDA in Russian 12 Jul 90
Second Edition pp 1, 4

[Article by A. Klimenko, PRAVDA special correspondent, Orenburg Oblast: "Partners"]

[Text] The fields "blossomed" about midday, with the appearance of bright jackets worn by city-dwellers. And at 3:00 p.m., many of them were settling into auto-buses with the clear intention of going home. The abandoned fields gave off a strange appearance. Untidy islands of potato haulm and crushed tubers stood out on the fields.

I witnessed the above scene upon paying a visit to by native Orenburg Oblast several years ago, at the Kolkhoz imeni Gorkiy in Tashlinskiy Rayon.

And now I have paid another visit. Another picture greeted my eyes. The fields had been picked clean, as the saying goes. It was as though the farm had improved noticeably before my very eyes. The chairman of the kolkhoz, Grigoriy Andreyevich Shevchenko, and the director of the Orenburg Rubber Products Plant, Ivan Mikhaylovich Rudenko, had extended to one another the hand of genuine assistance.

"Life forced us into going to the countryside," explained Ivan Mikhzylovich. "The plant is large, it does not have a subsidiary farm and the workers must be fed."

And as the economists here say by way of a joke, three million rubles fell from the sky into the kolkhoz's treasury. It was precisely this amount that the plant had to invest, in accordance with a contract aimed at developing the farm's logistical base. In turn, last year it supplied the plant's workers with 1,000 quintals of meat in live weight and 450 quintals of potatoes and cabbage.

"We gave some thought to this matter," smiled Ivan Mikhaylovich, "and we decided to purchase a small processing plant in Yugoslavia for the kolkhoz. The output would be divided in two."

During last year alone, the city-dwellers erected at the kolkhoz a cow barn for 200 head, they installed a fattening area and they carried out capital repairs on three livestock facilities. The plant sent 40 individuals for the sowing campaign. And rather than loafers, these were diligent workers. The farm did not offend them, but rather it paid them so-called "length of service" wages, similar to that paid to its own machine operators.

Important work—a true material incentive. Somebody noted: "Partnership is a spring-board to the market." And what then? This is the truth in all probability.

The developing bridges of interaction throughout the region are viewed hopefully. Recently, the problem of food support for cities in the industrial Urals region has been aggravated noticeably. This occurred owing to the fact that the dividing line between the city and countryside has been enlarged, despite attempts aimed at

increasing patronage assistance on an appeal-catchword basis. Cooperation between enterprises on the one hand and kolkhozes and sovkhozes on the other has started to promote a genuine union between the cities and countryside.

Joint agricultural operations on the basis of contracts represents a type of second breath for the countryside. This year alone, the oblast's enterprises transferred over to the agro-industrial complex, on a contractual basis, 25 million rubles' worth of capital investments. One particular form, that of transferring low profitability and unprofitable kolkhozes over to enterprises for the creation of subsidiary farms, has received general recognition.

Within the oblast's party committee, it is considered to be more advisable at the present time to concentrate the efforts of city-dwellers on strengthening the logistical base of the processing branches and to extricate them from hopeless poverty. Unfortunately, the branch ministries did not support the oblast's proposal for transferring over, for these purposes, not less than 10 percent of the capital investments, together with the limits and resources, despite the fact that such action was called for in a decision handed down by the USSR Supreme Soviet.

In particular, many "zig-zags" are occurring owing to faulty legal and organizational "drive-belts" in business-like collaboration and interaction between the villagers with builders.

"In order to begin the planning for even a small rural object," complained the farm leaders, "the client must gather together and furnish more than 15 items of information. In terms of time, this requires a number of months. Subsequently, the institute begins to plan and coordinate the object to the area. Once again, a great amount of time is required. Thereafter, problems will arise in connection with the documentation. Naturally, many changes take place during this period and the builders are required to carry out additional work.

The sphere of construction continues to remain a troublesome one in the remote parts of Orenburg Oblast. The peasants have many complaints regarding the subunits of Glavorenburgstroy, Orenburgtyazhstroy and Orskpromstroy.

The greatest harm to the very idea of partnership is being caused by formalism during the course of concluding contracts. Buzulukskiy Rayon represents a sad example of this. Almost all of the industrial enterprises are located in it and almost all of the branches and their leaders—"generals" are located in Orenburg. And they are deaf to the needs of the countryside and are allocating very little to the branches by way of furnishing assistance. And here is what happens: on paper the Busulukskiy Rayon kolkhozes and sovkhozes have partners and yet they are furnishing very little real assistance. One half of the farms here do not have workshops or

heated garages. One does not note the beneficial influence of patrons out on the fields, meadows and pastures. And there is a need for this today.

Everyone with whom I spoke was of the same opinion: if there is to be a truly effective and equal partnership, then we must have a price balance or, in other words, equivalent exchange between the farms and enterprises. Thus the productivity of a KSK-100 feed harvesting combine increased by 79 percent compared to the equipment it replaced and the price—by almost fourfold.

Moreover, the economists share different points of view regarding the system of contractual relationships.

"It is interesting to note how friendly relations can be established with a large and powerful plant," reasoned the director of the Samorodovskiy Sovkhoz, R. Skrypnikov. "And if not? Are there many such plants? In any case, there is not enough for all of the farms. A small industrial enterprise will suffocate or choke upon its own problems. In this manner it will help the countryside but, thank you, it will not bring about any basic change in the economy. According to one account, only the economic freedom of peasants and the free market can save agriculture today."

Partnership is a proper undertaking. And today some farms are unable to cope with the harvesting of grasses or the tending of crops. But would not the forfeiture here, as happened on one occasion, of the sense of reality make contractual relationships the "final point" of agricultural progress?

LIVESTOCK AND FEED PROCUREMENT

Forage Harvest Progress In July Reported

Early July Progress, Equipment Status

904B0269A Moscow PRAVDA in Russian 8 Jul 90
Second Edition pp 1, 8

[Article by Ye. Grigoryev: "And the Fading Beauty of the Meadows"]

[Text] A spring that was not miserly in precipitation has helped meadows to gather unexpected strength today and grasses to almost reach a man's height. The time when a mower goes out into the heavy meadow is difficult but also blessed. The silky windrows lie down under the even cut of mowers, and storehouses are filled with fresh hay. The time for feed procurement has arrived in the country.

Here is the first information USSR Goskomstat [State Committee for Statistics] has received from the meadows:

As of 2 July in kolkhozes and sovkhoses grasses have been mowed on an area of 26 million hectares. Seventeen million tons of hay, 27.5 million tons of haylage, a million tons of grass meal and five million tons of early silage have been prepared.

What do these figures mean? In commenting on the situation in the meadows, I. Yefremov, Director of the Main Administration of State Inspectorates attached to the State Commission for Food and Procurement of the USSR Council of Ministers, noted: "The pace of the green harvest is slower than last year's. Less hay, haylage and grass meal have been stored. This is true despite the fact that the grasses developed significantly more quickly this year. What interfered with the harvest?"

The relationship between the farmer and nature is sometimes compared to a chess game in which nature always makes the first move. This year it provided abundant rainfall. The harvest that developed was a good one but it couldn't be taken for the very same reason—the rains interfered. But the weather was not the only problem. Bad weather is not a problem, for example, in producing grass meal. Yet less of it by a factor of 1.5 was procured this year than one year ago. Here other factors are playing a role. The editors and the state commission are receiving signals, alarming letters and telegrams about work interruptions in the meadows due to the shortage of equipment and fuel and sometimes simply due to organizational errors. "Why is it," asks G. Tokmakov, builder of the local retransmitter from Novorossiysk, "that we buy tens of millions of tons of grain abroad to use as feed for livestock but we do not mow many rich grass stands on the spurs of Caucasian mountains, where I work?"

Alas, this practice is unfortunately not that rare. Each year thousands of hectares of grasses untouched by mowers are lost under the snow. Perhaps there is no need for hay? Hardly. That same USSR Goskomstat confirms that the need for this form of feed comprises 150-160 million tons, which is greater by a factor of 1.5-2 than its actual procurement volume. Isn't it time to turn the feed pyramid around, with the unstable silage top on a stable hay base?

Of course desire alone will accomplish nothing. We need highly productive hay-cutting equipment. What is the situation involving this? At the beginning of summer 66,500 tractor mowers, 26,000 press-pickers, almost 36,000 rakes and 22,600 feed-harvesting combines were still in a state of disrepair. And this is 14-21 percent of the existing equipment fleet. The reason is not only the unsatisfactory work of the repair service. There is a shortage of spare parts. The story is an old one but repeats itself more and more often. Plant imeni Ukhtomskiy near Moscow, for example, shorted the village 2,000 gear boxes of the 3,000 that had been planned. Gomselmash [Gomel rural equipment] Production Association was to supply 965,000 pins with bushings but sent only 168,000. Machine builders have decreased the production of equipment itself. Krasnaya Zvezda Plant in

Kirovograd supplied 4,000 PF-0.5 stackers yearly to the enterprises of the Non-Chernozem Zone. This year it concluded a contract for only 810. The agricultural machine building plant in Frunze produces press-pickers. But for some reason these have stopped being supplied to the enterprises of the Non-Chernozem Zone.

Villagers are facing many problems related to how to preserve the harvest. After all, the demand of kolkhozes and sovkhozes for hay storehouses is being satisfied by less than one-third even though in the country there are colossal possibilities for increasing hay reserves—there are over 300 million hectares of natural feed lands at the disposal of kolkhozes, sovkhozes and other enterprises. Nevertheless, their productivity is very low. They receive almost no fertilizer, and plans to improve haylands and pastures are not fulfilled annually. Here also there is a shortage of equipment. In particular, there is a shortage of sowers for planting grass seed on stubble. Years pass and there is still no equipment. The directors of enterprises thus put more and more feed crops on plowland, crowding out grains and vegetables.

The slow development of feed production has a bad effect on forage supplies for peasant enterprises. Although, as statistics assure us, in recent years there have been some positive changes in providing individual livestock with feed, in many regions the situation remains unfavorable. The population is provided either no haylands or inadequate hayland areas; kolkhozes and sovkhozes provide little help to peasants in terms of feed procurement and allocate little grain to them as payment for work. The volume of sales of concentrates to the population from state resources is growing very slowly and does not cover the needs of private plots. As a result, millions of tons of baking grain are fed to livestock. Isn't this a very costly price for our economic shortsightedness?

In the new season it would be desirable to approach work in meadows and feed production in general more thoughtfully. It is time to move away from the patterns that we have developed in, let us say, supplying the population with concentrated feeds. If after sales to the state two-thirds and more of the gathered grain remains in kolkhozes and sovkhozes, why shouldn't Tsentrsoyuz [Central Union of Consumers' Societies] procure it from these enterprises while organizing reciprocal trade in goods that are in short supply?

What about the problem of forage quality? How much haylage, silage and hay have been written off due to the unsuitability of the feed? Perhaps it is expedient to make a bigger effort but to produce good-quality feed? Look at the statistics. A fourth of the hay and haylage that is put up each year is unclassified or third-class. These are damaged goods, yet fuel and the efforts of machine operators are expended and equipment is worn out. Isn't this also the reason for the few opportunities to fill the feeding troughs of livestock and to increase farm production output? In other words, the motto "more, and with

higher quality" is the best way to approach the green harvest period. Success awaits those who adhere to it.

RSFSR Situation Reviewed

904B0269B Moscow SOVETSKAYA ROSSIYA
in Russian 30 Jul 90 Second Edition p 1

[Article by A. Troitskiy, TASS correspondent, Moscow:
"Hay Harvest With Interruptions"]

[Text] If we try to find one word to characterize today's situation involving feed procurement in the Russian Federation, probably "alarming" would be most suitable.

Today only 86 percent of last year's feed levels have been procured. In recent weeks in connection with abundant precipitation there has been an abrupt slowdown in the pace of the "green harvest" in Volgograd and Penza oblasts and in the Tatar ASSR. The pace of feed procurement decreased twofold in Rostov Oblast, where weather conditions, and first and foremost the abundant rains, also did not allow farmers to "add to turnover."

On the other hand, unusual dry weather has now settled in in Eastern and Western Siberia; things are especially unfavorable in Novosibirsk and Omsk oblasts and Altay Kray, where in a number of rayons grasses have burned to the root.

For dry regions, zones for the procurement of feed have been established in neighboring oblasts, to which specialized mechanized detachments will be sent. For example, grain procurement for Yakutiya will take place in Khabarovsk Kray and Amur Oblast. The machine operators of the Buryat ASSR, taking into account traditional ties, will lay in a stock of feed in the Mongolian People's Republic.

In speaking about objective factors that affect the pace and quality of the "green harvest," we must mention circumstances that, alas, cannot be blamed on the poor weather conditions. In a number of RSFSR oblasts, where the weather is favorable for harvesting abundant grasses, workers were unsuccessful in preparing for a "green harvest"—they did not repair equipment in time, and they did not make sure that machine operators had enough oil and lubricating materials or elementary living conditions to encourage good work. Only 78 percent of equipment was ready for the start of feed procurement. In a number of oblasts machine operators were on starvation rations.

The sluggishness and the departmental approach were manifested by enterprises that produce agricultural equipment as well. In connection with the decrease in the output of inventory, machines and equipment their supply to enterprises decreased sharply. At the beginning of the harvest period, according to data from RSFSR Gosagroprom, in the republic's sovkhozes and kolkhozes

there was a shortage of 9,700 hay mowers, 2,700 press-pickers and 2,800 feed-harvesting combines as compared to the same period last year.

The result is evident—in almost all oblasts and rayons where the productivity of natural haylands and sown annual and perennial grasses is high this year serious lags have been tolerated in comparison to last year. A rapid pace in the "green harvest" has been maintained in those places where the directors of enterprises and oblast agroindustrial committees have skilfully maneuvered feed procurement equipment. At the beginning of the green harvest when there was abundant rainfall, Belgorod, Astrakhan and Ulyanovsk oblasts, Krasnodar Kray and Northern Osetiya began the procurement of haylage and silage and hay procurement was delayed until better weather. This did not fail.

Mid-July Status Note

904B0269C Moscow SELSKAYA ZHIZN in Russian
21 Jul 90 p 1

[Untitled article by Nikolay Osychkin]

[Excerpt] In many places today tall and dense grass stands have developed. As of 16 June first-cut harvesting took place on 41.5 million hectares. This is 4.3 million less than on this date last year. Enterprises have procured 33.5 million tons of hay, 45 million tons of haylage and 1.6 million tons of grass meal. Translated into feed units 33.7 million tons of feed have been stockpiled, which is 5.9 million tons less than in 1989.

Work on grain and feed fields, meadows and haylands must be accelerated. A good harvest will not wait! It must be harvested on time and well!

POLICY, ORGANIZATION

Unsatisfactory Development Bedevils Consumer Goods, Food Sectors

904D0190A Moscow SOVETSKAYA TORGOVLYA
in Russian 21 Jul 90 p 1

[Article by Yu. Gryzanov, economic correspondent for SOVETSKAYA TORGOVLYA: "Rates Increasing, Shelves Becoming Empty"]

[Text] The branch's results for the first six months were quite paradoxical: on the one hand, there was a steady month to month increase in the rates of growth for retail commodity turnover and, on the other, a shortage of goods in the stores and increasing interruptions in the trade in many types of goods. As a result of this—forced regulation of the sale of these goods in the various areas using various forms of distribution, which unfortunately became massive in nature.

On the whole, the country's volume of retail commodity turnover in state and cooperative trade increased during the past six months' period by 29.4 billion rubles compared to the same period for last year. The rate of increase amounted to 15.3 percent, including in June—by 15.6 percent. The planned task adopted in the union republics for the first six months was on the whole surpassed throughout the country in the amount of 10.9 billion rubles—105.2 percent of the plan.

A high rate of increase in commodity turnover was achieved by the trade organizations in all of the union republics with the exception of Azerbaijan. But even here the situation with regard to plan fulfillment is improving. The lag tolerated earlier by the trade organizations of this republic has for the most part been corrected.

The high level of demand of the population for goods is objectively leading to a further reduction in the reserve commodity stocks in trade and intensifying the already tense situation in the consumer market. During the January to June period, the supplies of goods at retail trade enterprises and organizations declined by another 3.2 billion rubles' worth, or by six days of trade.

The increase in the production of food products, including meat products, milk, animal oil, cheese and also fruit and vegetable products remains especially low—not more than two percent. During the first six-month period on the whole, the food product volumes delivered to the trade organizations were less than that called for in the retail commodity turnover plan by 1.7 billion rubles' worth, including fruit and vegetable products by 0.9 billion rubles. This brought about considerable growth in the prices for these goods on the kolkhoz market.

Under these conditions, importance is attached to further increasing the rates for the sale of agricultural

products (at cooperative prices) by consumer cooperative organizations and also increasing the sales volumes for these products in remote regions. During the first six months of this year, the commodity turnover of consumer cooperation organizations engaged in the sale of agricultural products and other goods, purchased on the basis of mutually agreeable prices, increased by 13.8 percent compared to the first six months of last year. At the same time, proper effort has not been given in all areas aimed at expanding this important type of trade. The amount of agricultural products sold to the population by cooperative specialists in Uzbekistan was only 1.4 percent more than that for the first six months of last year, for cooperative specialists in Azerbaijan this indicator increased by only 1.7 percent and in Georgia—by 2.1 percent. And indeed, broad opportunities exist in these union republics for purchasing these products. For example, the increase in Armenia amounted to 13.4 percent, in Moldavia—14.8, in Kazakhstan—16.7 and in the Ukraine and the RSFSR—in excess of 15 percent.

At the present time, public catering accounts for one fifth of the volume of retail commodity turnover in food goods. During the past six-month period, the commodity turnover of public catering enterprises of state and cooperative trade increased by 8.3 percent in comparable prices compared to this same period for last year, including by 9.1 percent in June. The collectives of public catering organizations in a majority of the union republics coped successfully with the goals planned for the six-month period; only the culinary experts in Azerbaijan and Armenia failed to fulfill their plans. Moreover, the volume of commodity turnover handled by the public catering organizations of Azerbaijan was even less than that for the first six months of last year. The public catering collectives of Tajikistan also completed the first six-month period with a low rate of growth in commodity turnover—2.9 percent, Georgia—3.0 percent and in June the culinary experts in Kirghizia operated at a lower level than last year.

Throughout the country as a whole, the commodity turnover plan for the first six months was over-fulfilled by public catering enterprises in the amount of 912 million rubles—105.5 percent of the plan.

The plan adopted by enterprises for the production of internally produced products was fulfilled throughout the country as a whole by 103.6 percent and the sales volume increased by 661 million rubles compared to the first six months of last year. However, in terms of this important indicator and in addition to the public catering organizations of Azerbaijan and Armenia, the culinary experts in Georgia and Kirghizia failed to reach the goals outlined in their plans.

Sharp differences occurred during the past six-month period in the rates for delivering non-food goods to the trade. The increase in the production of light industry products was three times less than the rate of increase in the production of goods for which there is a daily demand or of an economic nature. However, in both

instances the actual increase in the production of these groups of goods did not ensure the production level planned, and the production of goods for which there is a daily demand, such as pencils, safety razor blades and toothpaste, even declined. As a result, the quantities delivered to the trade during the January to June period were less than those called for in the plan for ensuring retail commodity turnover for light industry goods by two billion rubles and in the case of goods of a cultural-domestic and economic nature—less by 5.4 billion rubles. The plans for inter-republic deliveries of light industry products are not being fulfilled.

All of this is bringing about a deterioration in the market situation and thus considerable importance is being attached to making up for the undelivered volumes of goods during the second six-month period and preventing a reduction in the required rates of development for retail commodity turnover. The tension prevailing in the market and the need for satisfying the population's requirements for goods, demand that all elements of the trade branch carry out constant and purposeful work aimed at finding additional commodity resources.

The adoption by the USSR Supreme Soviet of a large package of laws for opening up the path leading to the further development and strengthening of the economic reform of the national economy is making it possible to accelerate the process of forming new and more effective economic structures within the trade branch. Organizational work directed towards creating them, and obviously on a strictly voluntary basis, must be carried out on an extensive scale by the local organs of trade administration. A more bold approach must be employed for converting stores and dining halls attached to markets and trusts over to lease-type arrangements and to creating at the latter joint stock companies and also enterprises based upon other forms of ownership.

During the first six-month period, the branch's trade-warehouse network was augmented by a number of new and large installations. The following were placed in operation: a distribution cooler with a capability for 21,200 tons of one-time storage in Moscow, a cooler in Shyaulay—1,200 tons, a general-commodity warehouse in Fergana with an area of 10,000 square meters, a food warehouse in Slutsk—4,950 square meters, a Rostorgodezhdy [Republic Office of Wholesale Clothing Trade (RSFSR)] warehouse in Arkhangelsk—5,000 square meters and a number of others.

However, the logistical base continues to remain a weak element of the branch and at the same time the resources being allocated for its development and technical equipping are not being used in a satisfactory manner. A noticeable change was not achieved with regard to improving the status of affairs in this important sector during the past six-month period. Capital investments in the "trade" branch were employed during this period only at the level of 41 percent of the annual plan.

The situation with regard to the use of funds allocated was especially unsatisfactory in Tajikistan—22 percent of the annual plan, Kirghizia—28, Georgia—29, Azerbaijan—32 and in Turkmenia—34 percent of the plan. Even more unsatisfactory was the situation associated with the use of funds allocated for developing the trade network and public catering enterprises, by means of withholdings of seven percent from housing construction, which throughout the country as a whole were used during the January to June period by no more than 30 percent of the annual volume.

Distribution Methods Compatible with Market Economy Proposed

904D0173A Moscow IZVESTIYA in Russian 16 Jul 90
Morning Edition p 2

[Article by M. Krushinskiy: "Facing the Market: Does the Capital Need Rationing Coupons?"]

[Text] I will not waste time describing the history of this issue: Muscovites are not the only ones who know about the buying panic that hit the stores in the capital after the government report on ways to shift to the market economy was released. I personally agree that the system of selling upon presentation of passports was a forced and timely—fortunately so—measure on the part of the Moscow city soviet. The problem is that the idea of food rationing, through the crack in the door opened to admit it, now threatens to fill up all the available economic "shelf space," after which we can kiss good-bye to our dreams of the market economy.

As everything else introduced on a temporary basis in our comfort-poor life, the emergency measures in consumer trade clearly threaten to become a permanent feature. G. Popov, Moscow city soviet chairman, does not hide it. Speaking on the Moscow television channel, he proposed three versions of the future development of the passport-based trade system: "visiting cards," which are in use in many other cities; coupons, used all over the country; and the so-called "purchasing currency" (also known as the "social currency"), which is nothing but another version of the rationing system.

It is nice, of course, that the Goznak plant stands ready to start printing these "means of payment" which, as G. Popov assured us, absolutely cannot be counterfeited. But the main danger does not come from counterfeiters. Once the existing system of consumer trade—however numerous its shortcomings—is replaced by a rationing system, we will become its hostages and our dependence on those who control the tap—which is very large even now—will soon become total.

Naturally, the head of the city soviet is well aware of the fundamental flaws of any form of rationing. Speaking on TV, he made it understood that he personally supports normal trade, but the existing situation forces him to think primarily about protecting the consumer interests

of Muscovites. We also know that the capital was not the first to choose this path. But this fact makes the situation all the more disturbing.

Indeed, for a large portion of the population, raised in the spirit of rationing, coupons appear as a welcome lifesaver. Many would prefer to float in the midst of a crisis clinging to this lifesaver and unwilling to release their grip. As they lose trust in money and in the ability of the leadership to supply goods for the market, people will stop trusting one another as well and will narrow the circle of their economic contacts, and their disunity will lead in turn to further economic disintegration.

In the June issue of the newspaper VESTNIK ZAMOSKVORECHYA, S. Borodychev, the new deputy chairman of Moscow's Moskvoretskiy Rayon soviet of people's deputies, announced to readers: "At the presidium, we discussed the idea of making 20 stores in the rayon to sell only to rayon residents on Sundays." Think about it. The once-integral all-union consumer market (true, it was plagued by shortages, monopoly and distortions, but it was nevertheless integral), is being fragmented into smaller and smaller pieces like a chunk of ice. First there were cracks along republic borders, then oblast and city, and now it is the turn of rayons. What next? City neighborhoods, apartment buildings and apartments?

After visiting Moskvoretskiy Rayon, I came away convinced that its leaders are not opposed to market relations. Moreover, they are no strangers to entrepreneurial activities themselves and evince a commercial strain of their own: as they try to foster the production of highly deficit goods they assist cooperatives and establish contacts with domestic and foreign firms. How to reconcile all this with the idea of rayon autarchy?

"There are many industrial enterprises in our rayon," they told me. "Their employees live elsewhere, in so-called 'bedroom rayons.' Why should we fill store shelves with goods which will be mostly bought by others and not reach our voters?"

The logic is legitimate, but it is the logic of disintegration. If we are truly serious about the market, we must counter it with the logic of the market. Is there not a way to respond to the people's longing for "consumer security" not by promoting systems of exclusion but based on a system of free-market regulation?

IZVESTIYA pointed out at least one such way back in March of this year (in its No. 61 issue), in the article titled "To Overcome Deficit." Let me remind you about it: it proposed a consumer association separated from the sea of deficit by a barrier of its own quasi-hard currency which, unlike the above-mentioned "purchasing (social) currency" fulfills not an exclusionary function but on the contrary does what our Soviet ruble ought to be doing and which it has failed to do since the end of the 1920s, i.e., balance supply and demand.

Assume that a portion of your w

special checks which are issued to you personally and are therefore non-transferrable. You take these checks to a store belonging to your consumer association where you find a picture which you have long forgotten: there are no lines and various deficit goods line the shelves. And what about prices? They are set by the store itself based on demand. As a rule, they are a little higher than state prices, but not excessive. At least you can use your R20 to buy such ordinary items as laundry detergent, socks and school notebooks without trouble and without paying three times the official price.

And what if you wanted a color television set, for instance? Clearly, it would take too long to save enough of your checks to pay the price of a set, but there would be no need to save because additional checks could be purchased. It could be done legally, at the bank, for rubles. Any citizen, not just members of the consumer association, could buy as many checks as he wished—not issued personally in this case, of course—not at their nominal cost but at a rate of exchange set by the market, which goes up when there are more buyers, and vice versa. This is more or less how prices fluctuate at the bond market.

As you see, this concept is based on equilibrium prices which automatically exclude the possibility of deficit. Why am I so convinced that they are not going to go through the roof? First of all, prices depend on demand supported by disposable income, which will be limited by the low exchange quota for members of the consumer association and the floating exchange rate which makes it unprofitable to buy an excessive amount in checks. Secondly, the system is built so that the store of the association is more interested in moving its wares and not in getting as much as possible for every item.

It is not so complex, even though everything cannot be explained in a single newspaper article. Where will the goods come from? From the wholesale distributor or directly from the producer. Even under the existing system each of us is entitled to a set quantity of market goods and the rayon trade association gets them based on the number of residents on its territory. Under this model, residents decide to join into a consumer association. They announce that they have collected R20 per member and want goods corresponding to the sum of their pooled resources to be delivered not to the general retail trade network but to their own store. They will distribute them based on the system of supply and demand. Is it clear?

There is no trace of speculation here. And goods will not be diverted, because they will correspond strictly to the supply of checks in circulation, which the store will use to report to the bank. In the end, such an association will not only promote a more equitable distribution of deficit goods but will spur increased production, since any respectable producer (be it a state enterprise or a cooperative, it does not matter) will want to sell all its output to the association in exchange for those checks which will

Of course, life is more complicated than any model. Today, however, we can say at least that the concept has passed the test of experts. When it was published in IZVESTIYA, the USSR Council of Ministers State Commission for Economic reform expressed interest in it. On orders from the commission, its author N.A. Shagiyeu, the head of the Kazan cooperative economic analysis laboratory, worked out in detail the entire process of setting up such an association. His work was funded by the "Prometey" foreign trade association, comprised of 40 state enterprises and organizations. The association is willing to act as an intermediary when Shagiyeu's know-how is implemented. The only thing still missing is those who want to try it. I recommend those who are interested to call "Prometey" at their Moscow number, 299-8445.

Shagiyeu himself is convinced that his concept, if implemented on the scale of the entire country, could lead the economy out of the crisis, repair the financial system and create the market without social upheavals, since according to him the new structure will mature naturally in the bosom of the old, assuming growing responsibility gradually, and we will not have to dismantle anything. I do not know about that. It may not be so easy. But is it not tempting to try this idea out, without risking anything in particular, on the scale of a rayon or a city? Few people will risk losing anything, except for employees of the retail trade system who man the distribution tap.

In any case, it would be an attempt to overcome the current paucity of goods not contrary to our announced desire to achieve the market economy but in accordance with it.

ESSR, Leningrad Authorities Ignore Goskomtsen Price Directives

904D0189A Moscow PRAVDA in Russian 16 Jul 90
Second Edition p 2

[Interview with A. Komin, deputy chairman of Goskomtsen, by Ye. Sorokin]

[Text] Strange things have started happening to our price formation system in recent months. One gets the impression that we do not live in a unified state, but in some sort of a medieval principality. Prices are suddenly raised in the Baltic states, in Leningrad and then in Moscow. A few days ago it was reported that the Moscow Ispolkom considerably raised the prices on sturgeon, caviar, crab, wine and vodka sold in public food service facilities, restaurants, and buffets. That's not such a big deal. How many of us try to eat caviar and crab and drink Stolichnaya at high class restaurants? As they say, if you want luxury, you pay for it.

However, the heart of the matter is that this decision was made in spite of the heated discussions at the previous session of the USSR Supreme Soviet. We are aware that parliament decided not to increase prices for delicatessen items, tobacco and vodka.

How could all this happen? A PRAVDA correspondent asked this and other questions of A. Komin.

[A. Komin] Above all I want to say that a dangerous process of diluting the price formation system has begun. References to the transition to market relations are groundless. The Supreme Soviet froze prices up until 1 January 1991. A law is a law; whether it is good or bad, it is still in effect and must be observed. I cannot at all understand or accept the position of those local organs who are engaged in price "creativity." The leadership announces that the income obtained from increased prices will be used for social measures. In the end, this will lead to regions competing to set the highest prices.

Look at what is happening. The all-union budget subsidizes all food items and some nonfood items while republics and regions are exerting every effort to obtain additional income from their sales. If this situation is not curtailed, if there is not a single common price policy, then the state will simply be unable to pay pensions, stipends, assistance, etc.

[Ye. Sorokin] Recently, while appearing on the TV program "Good Evening Moscow," A. Sobchak, chairman of the Leningrad Soviet, reported that Leningrad was switching over to "wine" coupons and that everything above that would be sold at double the price. How legal is this step by the Leningrad Gorispolkom?

[A. Komin] Coupons are an economic management matter. However, the Leningrad Gorispolkom decided that, beginning on 5 July, 20 percent of alcoholic beverages would be sold at public food service facilities in the city at commercial prices. This contradicts a USSR Council of Ministers decree that authorizes the sale of only imported alcoholic beverages at commercial prices.

True, A. Sobchak announced this measure because price increases for spirits in the Baltic states made Leningrad a city for "vodka wheeler-dealers." A. Sobchak also said he had made an appropriate request to N. Ryzhkov. Thus, there is hope that this measure is temporary.

[Ye. Sorokin] Unfortunately, we have nothing more permanent than temporary measures. The price increases were "temporary" in the Baltic states also.

[A. Komin] You are right; this is the trend there. On 28 May the Estonian government passed a decree "On the Procedure for Regulating Prices and Rates." It gave itself the right to set prices and rates for products and services produced and sold in the republic. Retail prices for all basic consumer goods, both foodstuffs and industrially produced items, will be set by enterprises upon agreement with the Estonian Price Department.

This decree conflicts with the law "On Enterprises in the USSR" passed by the Third Session of the USSR Supreme Soviet. It provides for a division of rights in

approving prices between the USSR, union and autonomous republics. The decision by the Estonian government essentially deprives the USSR government of any rights in setting prices in the republic.

[Ye. Sorokin] However, readers are right in asking where Goskomtsen [State Committee on Prices] is looking.

[A. Komin] This question should not be directed to us, but to the legislators. They pass laws that nobody observes. Members of the Supreme Soviet provide an example of the failure to observe laws. Incidentally, the mayors of Moscow and Leningrad are members of the USSR Parliament.

I am certain of one thing. If this bacchanalia of prices continues, it will do serious damage to social stability, and there may be new social disturbances.

The market, undoubtedly, is a market. Under it prices are formed according to different laws than the present ones. However, even with a market, the state has a role in regulating prices, if only for that part of the population with low incomes. Because the Supreme Soviet has not made a final decision about the model for a market economy it is all the more important not to allow arbitrary price setting.

GOODS PRODUCTION, DISTRIBUTION

Goskomstat Reports Data On Consumer Market, Services

904D0178A Moscow SOVETSKAYA TORGOVLYA
in Russian 7 Jul 90 p 2

[Article by USSR Goskomstat: "Consumer Market and Sphere of Services"]

[Text] During the January-May period, 186.2 billion rubles' worth of consumer goods (in retail prices, including alcoholic beverages) were produced. This figure was greater by 6.9 percent than that for the same period last year; of the overall amount, more than 34 billion rubles went to non-market consumers for industrial processing and other purposes.

During this five-month period, the production volume for food products amounted to 57.5 billion rubles, or one billion rubles more (or 1.8 percent) than the figure for the same period last year.

Compared to last year, reductions were noted in the meat production volumes of processing enterprises in all of the union republics with the exception of Uzbekistan, Lithuania and Moldavia; whole milk products—at enterprises in Georgia, Azerbaijan and Latvia; animal oil—in all union republics with the exception of the RSFSR, the Ukraine and Belorussia. In many republics, during the January to May period, the quantities of plant oil, confectionery goods and margarine products were less than last year. The production of non-alcoholic beverages declined in 10 union republics.

The production of non-food goods (excluding light industry products) increased by 7.5 billion rubles, or by 13.4 percent and amounted to 63.5 billion rubles (in retail prices).

The production of domestic equipment is increasing at the highest rates: washing and sewing machines, vacuum cleaners, tape recorders, radios and color television sets. However, the actual increase is not in keeping with the production level planned. Thus the production of sewing machines increased by 13 percent compared to the 22 percent called for in the goszakaz [state order], washing machines—the figures were 18 percent and 45 percent respectively, vacuum cleaners—10 percent and 50 percent, and combination radio-tape recorders and combination radio-phonographs—27 and 55 percent.

During the five-month period, the production figures of enterprises declined as follows: refrigerators and freezers (by 16,800 units, bicycles (by 13,800 units), school notebooks (by 12 million units), synthetic detergents in light packaging (by 4,600 tons), aluminum stamped dishware (by 1.2 million rubles' worth), cigarettes (by 3.7 billion units) and matches (by 6,600 conventional boxes).

There was a decline in the production of goods for which there is a daily demand (pencils, safety razor blades, toothpaste).

The production of pencils declined as a result of a twofold reduction in deliveries of cedar wood—caused in turn by a prohibition against cedar cuttings in certain regions of the country. The reduction in the production of safety razor blades was caused by a shortage of the metal being imported from abroad.

During the January to May period, the light industry enterprises produced 42.3 billion rubles' worth of goods, or 1.2 billion rubles' worth more (2.8 percent) than the figure for the same period last year. Enterprises of the union republic minlegproms [ministries of light industry] increased their production of knitted goods (by 3 percent), hosiery products (by 6 percent), sewing industry products and men's socks (by 5 percent), children's socks (by 6 percent) and women's panty hose (by 38 percent).

During the January to May period, although called for in agreed upon contracts, 769 million rubles' worth of light industry goods were not supplied to consumers; 488 enterprises, or one third of their overall number, failed to carry out their obligations.

The volume of retail commodity turnover during the five months amounted to 183.4 billion rubles and exceeded the level for the same period last year by 24.2 billion rubles (15.2 percent in actual prices); 9.2 billion rubles' worth of goods were sold over and above the plan and the plan was fulfilled by 105.3 percent. In May there was a surge and rush demand for all consumer goods. The

volume of retail commodity turnover during this month exceeded the planned tasks by 2.6 billion rubles or by 7.3 percent.

As a result of current production, the trade was supplied with 151.7 billion rubles' worth of goods, or 11.6 billion more rubles' worth (8.3 percent) than the figure for the same period last year. Roughly 19.1 billion rubles' worth of imported goods were supplied to the trade, or 5 billion rubles (by a factor of 1.4) more than the figure for the January to May period in 1989. The proportion of imports in the trade's resources amounted to 10 percent.

On the whole, during the January to May period and compared to last year, the increase in commodity turnover was in large measure (by two thirds) achieved as a result of true commodity inflation. Approximately 21 percent of the increase (5.2 billion rubles) was obtained as a result of growth in the average purchase prices and 10 percent (2.5 billion rubles)—sales of alcoholic beverages.

Over the five-month period, the volume of food products supplied to the trade was less than the planned volume by 1.5 billion rubles' worth. Compared to last year, the deliveries of food products increased by two percent, including by seven percent in May.

During the January to May period and compared to the same period for last year, the deliveries of meat products increased by only 0.6 percent, dairy products—by 2 percent, including animal oil—by 2 percent, while cheese declined by 0.7 percent.

The quantities of potatoes and fruit and vegetable products supplied to the trade during the January to May period were less than the planned volumes by 0.9 billion rubles. Compared to the January to May period of last year, the deliveries of citrus fruit and other fruit declined by 16 percent, vegetables—by 4 percent and potatoes increased by 7 percent.

Prices on the kolkhoz market increased substantially during the January to May period. On the whole, they increased by 15 percent.

On the markets of 14 cities (of 213 that were studied), beef was sold in May of 1989 at a price in excess of 6 rubles per kilogram and in May of this year—87 cities; the figure for pork was 5 rubles per kilogram—in 27 and 118 cities respectively. Thus, in May beef was sold at 8-10 rubles per kilogram on markets in Lvov, Tbilisi, Kutaisi, Ust-Kamenogorsk, Riga, Baku, Odessa, Sverdlovsk, Kostroma, Vladivostok, Gorkiy, Arzamas, Perm and Maloyaroslavets, while in Leningrad the average price was 11 rubles and in Moscow—in excess of 12 rubles per kilogram.

The deliveries to the trade of goods of a cultural-domestic and economic nature increased by 6.6 billion rubles or by 15 percent compared to the January to May period of last year, against a planned rate of growth for the year of 22 percent. However, compared to the

volumes needed for ensuring the retail commodity turnover, the trade organizations were undersupplied during the five-month period by 4.9 billion rubles' worth (9 percent) of these goods.

Throughout the trade, the shortages are continuing for practically all types of lumber and construction materials.

The deliveries to the trade of light industry goods increased compared to the January to May period of last year by 2.9 billion rubles, or by 9 percent (against a planned rate of increase of 4 percent); the increase in deliveries was achieved mainly as a result of imported goods.

The amount of paid services during the January to May period reached 27.6 billion rubles, a figure that was 1.8 billion rubles or 7.3 percent greater than that for the same period last year.

The task for the sale of paid services, established at the national economic level, was not fulfilled (94.3 percent) and services valued at 1.7 billion rubles were not provided.

Specialized enterprises for providing domestic services for the population sold 5.2 billion rubles' worth of services during the January to May period. The planned task was fulfilled by 103.9 percent. Communications enterprises sold 1.75 billion rubles' worth of services to the population, or 109.2 percent of the figure for the January to May period of last year.

During the nine-month period and compared to the same period for last year, general use transport services for passengers increased by 2.4 percent and amounted to 430 billion passenger-kilometers.

During the January to April period, there were schedule violations involving 101,600 aircraft flights, or 16.8 percent of the arrivals called for in the schedule, autobuses—18.1 million or 7.4 percent, railroad trains—34,100 or 14.2 percent (excluding cancelled and suburban runs).

HOUSING, PERSONAL SERVICES

Goskomstat Data Show Less Housing Construction in First 3 Months

904D0194A Moscow *EKONOMIKA I ZHIZN*
in Russian No 3, Jul 90 p 10

[Article by V. Golovachev: "Housing Construction: At What Level of Planning"]

[Text] USSR Goskomstat [State Committee for Statistics] prepared a report on the fulfillment of the 1990 plan for the construction of housing and social service facilities. To be frank, there is little good in it. The decline in the introduction of housing that began in the second half of 1988 continues.

In the first quarter of this year 250,000 apartments were introduced. This totals only 16 million square meters. "Only" because, during January-March 1989, nine percent more housing was built.

As can be seen from Table 1, the situation is unfortunate. It could not be otherwise. For example, the production of panels and other structures for large panel house construction last year declined by five percent as compared

with 1988 and by four percent during the first quarter this year as compared with the same period last year. The situation for other construction materials is no better. The production of construction glass declined by three and nine percent; that of soft roofing materials and insulation by two and four percent. The plans for the production of panels, glass and other components for large panel house construction were not fulfilled in 1989, nor in the first quarter of 1990.

Table 1: Introduction of Housing by Source of Financing

	Introduced during first quarter of 1990	Percent fulfillment of approved annual plan	First quarter of 1990 as percent of first quarter of 1989
All sources of financing, million square meters of total area	16.0	11	91
Including:			
State capital investments	11.5	12	94
From accounts:			
State centralized capital investments	5.6	13	80
Resources of enterprises and organizations	5.9	11	12
Resources of housing construction cooperatives	1.3	12	86
Public's resources	2.5	9	75
Kolkhoz resources	0.4	5	90

If one evaluates the introduction of public facilities from the same perspective, it is difficult to give a simple summary (Table 2). On the one hand (positive), there was a considerable

increase in the rate of their introduction as compared with the past period. On the other hand (negative), the annual targets for the first quarter were fulfilled by only 2.9 to 7.8 percent.

Table 2

	Introduced during first quarter of 1990	Percent fulfillment of approved annual plan	First quarter of 1990 as percent of first quarter of 1989
General educational schools, 1,000 students	60.1	3.4	155
Preschool institutions, 1,000 children	38.6	4.1	119
Hospitals, 1,000 beds	4.0	5.1	81
Outpatient clinics, 1,000 visitors per shift	15.9	7.8	137
Clubs and houses of culture, 1,000 visitors	13.8	2.9	75

Here too, as shown in the Goskomstat report, many problems are caused by the imbalance in material-technical supply. However, construction leaders cannot blame all difficulties on suppliers. After all, disorder continues to reign at our projects. There is still little work mechanization at the lowest level and work organization is poor.

Construction cooperatives know this well. They are the most rational and economical in their work. This is largely responsible for the greater earnings of construction cooperatives. Consequently, the most qualified workers are joining them. For example, in 1989, 12,500

people from the Mosstroykomitet [Moscow Construction Committee] went to cooperatives. This trend is intensifying during the current year. Today in Moscow, not only is there a shortage, but also an acute deficit of finishers, workers in general construction specialties, electricians, plumbers, and gas and electric arc welders. There is a similar situation in many other regions in the country.

It is for specialists to decide how the situation can be corrected. One does not want to just listen to their cry: "The people waiting for apartments should build apartments with their own hands."

FUELS

New 'Gazprom' Concern Management, Structure Outlined

904E0136A Moscow GAZOVAYA

PROMYSHLENNOST in Russian No 6, Jun 90 pp 2-6

[Article by R. I. Vyakhirev, Deputy Chairman of the Gazprom Concern Administration: "New Principles But No Change of the Signboard"; first paragraph is source introduction]

[Text] Readers of the journal, many of whom work within the Gazprom Concern system, which is not a year old yet, have had to confront various appraisals of this unusual form of gas-industry development. And those to whom the journal, KHOZYAYSTVO I PRAVO [The Economy and the Law], No 4, 1990, introduced the article, "The Ministrylike Concern," could be convinced that there are extreme points of view that do not recognize the new organization of the branch's administration. Below we reprint the answer to this article that was prepared by the Deputy Chairman of the concern's administration, R. I. Vyakhirev, and published in issue No 5, 1990, of the journal KHOZYAYSTVO I PRAVO. The reader will find out from it how economists, rushing to conclusions, can be mistaken, and what fundamental economic sense the concern, which has taken full responsibility for a guaranteed gas supply for the nation, makes.

To what extent is the appearance of the new formations, based on former ministries, legitimate from the standpoint of perestroika? This is how the authors of the article, "The Ministrylike Concern,"¹ posed the question. Their doubts were grounded on the increase in scale of the reorganization of ministries into concerns and associations. Based upon a generalization of experience in the establishment of new ways of organizing administration, the authors advanced the thought that a legal basis must be developed for regulating this process which would embrace regulation of the relationships among the appropriate organizational structures and administrative organs, as well as with customers and suppliers. It is difficult not to agree with this. However, such reorganizations were unequivocally declared to be changes in the signboard, a striving of the staff for survival, a reinforcement of command-system policies. The sole innovation seen is that staff workers received a distinct increment in their pay and are spared from fear of a cut. With a stroke of the pen, the authors of the referenced article categorized all the ministries' workers who were reorganized into concerns, as well as those who adopted these decisions, as opponents of perestroika who think only of their personal advantage.

It is important therefore, to find out how justified is the creation of concerns, particularly Gazprom, which include two groups of enterprises. Belonging to the first group, according to the government's decision, are those who participate directly in the continuous industrial cycle of recovering, treating, transporting and storing

gas. They comprise a component of the Unified Gas-Supply System (YeSG SSSR). The second group is made up of enterprises that voluntarily support normal functioning of the YeSG SSSR. These are organizations and enterprises which perform scientific-research, design, construction, repair and other services. They also include associations which support the whole cycle of recovery and transportation of gas within the regions—such as Norilskgazprom and Yakutgazprom.

Why are enterprises of the first group included in the concern at the government's decision? Primarily because, as one huge enterprise, they provide, in a single technological complex, a reliable gas supply for the country. This necessitates a corresponding centralization of resources. With the depletion of the fields, each gas-recovery enterprise inescapably approaches the period when it becomes unprofitable and the indicators of its activity begin to worsen irreversibly. In this case, there are only two ways out: raise prices for its output, or compensate for the falling income.

At the same time, those enterprises that begin to conquer new fields, especially huge ones, get superprofits. In this case the lack of profit by one or a surplus by the other depends basically upon natural factors and not upon work quality.

YeSG SSSR enterprises cannot independently, for a long time, provide steady economic accountability indicators of their activity. It is not within their powers to build up the fields's facilities and trunk gas pipelines. Major capital investment—from one to five billion rubles, and hundreds of millions more for protecting the environment—are required for this. Each year the problem of replenishing fixed capital intensifies for the branch. During the 13th Five-Year Plan, about three and a half billion rubles of capital investment must be aimed at rebuilding gas pipelines. This is why we cannot get along here without a definite centralization of resources, as well as a redistribution of profit and of write-off deductions, in the interests of the whole system as a single complex. This was taken as the basis for forming the concern. For today many enterprises cannot function normally in the existing environment of a single tax rate on profit if they are to have direct relationships with the state budget. The concern creates realistic possibilities for overcoming such difficulties.

The authors of the article, "The Ministrylike Concern," assert that creation of the Gazprom Concern leads to rigidity of administrative methods. While previously, they consider, the individuality of enterprises was acknowledged at least formally, now the idea of the command system has received final expression. Enterprises are deprived of independence, for profit is being centralized and redistributed by the concern. Such an assertion does not correspond to reality. The concern accumulates only a part of the profit that remains for the enterprises after payments into the local budget for labor resources and the forming of economic-incentive funds in accordance with established standards. This relates

also to write-off deductions: only that part of them that is not used at the enterprise is subject to redistribution.

As for the individuality of enterprises, it is important to clarify whether it is always necessary or whether its absence should be viewed unambiguously as an undermining of the foundation of the market economy that is being created. After the 1988 conversion of gas-industry enterprises to full economic accountability, some of them began to pile up large funds, which were not to be used for developing the YeSG SSSR, which has a severe requirement for investment. Inasmuch as the indicators for each enterprise depend upon the status of the whole gas-supply system, this could not help but affect the system. Attention to current matters and to the most rapid increase of income rose greatly. Questions of long-range development were put off to second priority.

It is certain that, in the unified gas-supply system environment, economic accountability cannot be realized completely at each separate enterprise. For true economic accountability consists primarily of those economic relationships under which partners can be chosen. However, enterprises that belong to YeSG SSSR are deprived of this right, because all the customers are rigidly bound to specific gas pipelines. The tie of gas-recovery and many gas-transport associations with specific clients is insignificant, since the main volume of gas is sent to them in common systems in the form of a generic product.

Unlike the processing industries, these enterprises have practically no choice in what product to produce and in what amount. They cannot even use contract prices. It is also impossible to cease production at enterprises of low profitability by expanding it at others. This is occasioned by YeSG SSSR's operating practice.

At present, solution of the problem of forming and eliminating enterprises depends in a greater degree than before upon the will of the collective. It is clear, however, that this cannot be applied to those enterprises that we are discussing.

The opinion exists that economic accountability of the branch contradicts fundamentally the economic accountability of the enterprise. Division of the functions of the ministries and enterprises—the first should be engaged in administration, the second receive full economically accountable—is based upon this. Within the unified gas-supply system, by virtue of its specifics, one must not separate economic functions from managerial functions at the branch level and hand them over completely to the enterprises. That is why authentic economic accountability and independence are possible only for the whole system.

It is a different matter with enterprises of the second group that belong to the concern. They can leave it at any time. They are not connected with the gas-supply system by simultaneity of occurrence of the production processes, or by a single continuous technology. They do not need the great capital investment that gas supply does.

The concern is administered on a democratic basis. The highest organ of the administration is the concern's council, which includes the supervisors of the enterprises and the chairmen of the working collectives' soviets—124 people in all. The council has elected a chairman and the administration of the concern, and it has approved the composition and manning of the staff, the expenditures on its upkeep, and the rules and systems for paying workers.

The concern's working-staff structure has been erected on new principles. Its manning is little more than half that of the ministry. Functional administrations have been abolished. Integrated sections which provide routine decisions on current-production matters, long-range development, scientific and engineering progress, economics, the social sphere, and personnel training have been established. Instead of 20 functional main administrations and administrations, 11 sections and five services have been established, which basically are supervised by members of the administration.

The number of state enterprises and organizations in the branch has been reduced from 306 to 285. The Main Production Administration Tyumengazprom has been eliminated as an intermediate administrative link, and all its production subunits operate directly with the concern's staff. The concern's council, as the highest organ, decides all basic problems that determine the branch's social and economic development. A commercial bank has been established for purposes of making more efficient use of funds.

It is still too early to make a definitive assessment of the new organizational structure: only half a year has elapsed since it was formed. But all the experience confirms the viability of such structures. At least it has begun to make the transfer to the market. A market economy can be effective only if all its participants are provided with equal opportunities. However, right now the dependence of the extractive branches upon the suppliers of equipment and materials and their lack of protection against the dictates of the producers are being intensified increasingly. The Gazprom Concern is seeking ways for equalizing opportunities in the market. For this purpose it has advocated that it be granted the right to distribute funds for delivering gas to customers through direct long-term economic ties. This will enable gas recovery to be planned with greater validity and incentives to be provided for saving resources. The concern alone is in a position to carry out effectively such functions and thereby to protect its enterprises from the caprices of those who produce output for related branches of the economy.

Because of increasing complication of the situation throughout the whole national economy in recent years, the financial position of gas-industry associations and enterprises is constantly worsening, despite the branch's overfulfillment of profit plans. On 1 January 1990, because of an inadequacy of funds for capital investment, overdue arrears to suppliers and contractors and

to banks for loans grew by a factor of three and a half over the start of 1989. At some enterprises payment of wages is being delayed. And this despite all those possibilities which are at the disposal of the concern, thanks to centralization of a portion of the funds and the extension of help to enterprises. It is not difficult to imagine the position that some of them would be in right now if such possibilities had not existed.

Because of the conversion to republic and regional economic accountability and assignment to the republics of the right to own land, mineral rights, forests, water and other natural resources, recommendations are being made that concerns be created within the gas industry in accordance with the regional principle. Those who offer such proposals base them on existing indicators for the development of regional complexes.

However, within the unified gas-supply system, the boundaries of these complexes are arbitrary. So an illusion arises in regard to the effectiveness of their operation, and the impression is created that, for their part, they collect too much profit for the budget and the concern's centralized fund. With conversion to economically accountable self-sufficiency, all expenditures for maintaining the enormous and rapidly obsolescing gas-transport system, the fixed capital of which is more than 64 billion rubles, should be applied directly to each region. For example, right now within the provisional borders of the West Siberian gas complex there are 24 billion rubles of fixed capital of the gas-transport system, and the profitability of transporting gas here is only 1 percent, and for its recovery and treatment it is only 30 percent. Under economic self-sufficiency the region's share for upkeep should be more than 40 billion rubles of the gas-transport system's fixed capital, since 65

of its capacity is used for moving Tyumen gas. This will degrade the region's indicators sharply.

Fragmentation of the system will cause a reduction in the responsiveness of control and in the reliability and balance of the gas supply. Dismemberment of the unified gas-supply system into independent parts would equate to someone's wanting to make the individual operating lines, machine tools and equipment of a single huge enterprise independent.

In the article, "The Ministrylike Concern," the forming of any branch concerns is declared categorically as not merely useless, but even harmful, "since it reduces perestroika to bureaucratic games, introduces disbalance into the administrative system, and discredits types of organizational structure which, in such a distorted form, can yield only an adverse effect."

But this is far from being the case. Creation of the Gazprom Concern can be considered legitimate, for the gas industry does not fit into the generally accepted traditional scheme, in accordance with which all economic functions should be transferred to the enterprises. The experience of other countries (France, Italy, Britain and the FRG), which also was considered when the new

structure was being formed, attests to this. Moreover, the concern's activity is in practice completely constructed in accordance with the basic principles which characterize such complexes throughout the whole world. According to the statement of B. Milner, these include: diversification of production; orientation of the activity to the long term; the development of small business within the framework of concerns and corporations and direct restriction of the sizes of enterprises and the orientation thereof to innovative activity and the demands of the market; the centralization of financial resources and the placement at the disposal of enterprises of only those funds that are necessary for current operation; organizational construction of an administrative system based on a combining of the activity of product-producing, functional, and regional companies and organs; and an increase in collegiality in the administration of huge economic and production complexes.² The article's authors contradict themselves. On the one hand, they assert that specific forms of the integration process can be completely different and should not be restricted, and, on the other, they themselves come out against one of the specific forms, categorically rejecting its right to life.

It must be noted: counting on the almighty ruble and the market and forgetting, in so doing, the peculiarities of our economy, the level of production sophistication and businesslike relations, we have already managed "to do much that is very stupid." No one doubts the importance of theoretical approaches. But at the same time one should listen more to economic practitioners and other staff specialists of the administration, since upon them rests the concrete responsibility for the results of the changes that are occurring in the national economy.

Footnotes:

1. Bondar, L. and Bokareva, M. "The Ministrylike Concern." KHOZYAYSTVO I PRAVO No 4, 1990, p 23.

2. B. Milner. "Problems of Converting to the New Forms of Organizing Administration," VOPROSY EKONOMIKI [Problems of Economics], No 10, 1989, p 6.

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ELECTRIC POWER GENERATION

New Chernobyl Disaster Investigation Begun

904E0145A Moscow *RABOCHAYA TRIBUNA*
in Russian 21 Jun 90 p 4

[Article by I. Baranovskiy under the "Fact and Commentary" rubric: "The Riddle of the Catastrophe"; first paragraph is source introduction]

[Text] A new and independent investigation of the causes of the accident at the Chernobylskaya AES has started.

It is four years now since horrors raged around Chernobyl. It would seem that during this period each second that preceded the terrible tragedy and each that followed as a result had been carefully analyzed.

And there are foundations for this. It turns out that the design of the RBMK [uranium-graphite channel-type reactor] did not meet safety requirements, and sooner or later the designers' errors should have led to a catastrophe. A specially created commission of Gospromatomnadzor SSSR [USSR State Committee for Safety Inspection of the Conduct of Operations in Industry and Nuclear-Power Engineering] had to get to the heart of all this. It will complete its investigation by the end of this year. V. Malyshev, chairman of the USSR State Committee for Safety Inspection of the Conduct of Operations in Industry and Nuclear-Power Engineering, comments on this fact:

"In recent years much additional information about the tragic events at the Chernobylskaya AES have been piling up. The bitter experience was also an experiment; now we know much better how to act in extreme circumstances and what measures to take to prevent a catastrophe such as the one at Chernobyl. This is the reason for creating the commission, which should look into many, many questions: to what extent the detailed design of the fourth power unit corresponded to the norms and the rules for safety, how competently the servicing personnel acted, and the quality with which the operating documentation was executed. Simultaneously, a scientific analysis of this situation is being conducted by USSR Minatomenergoprom [Ministry of Nuclear Power and Industry] organizations.

In general, the causes of the accident were correctly formulated by the state commission. And we have not raised any doubts. Another matter, seldom spoken about—either previously or today—is the fact that had there been no errors in the calculations of the design developers, scientific supervisors, and designers there would have been no tragedy.

Now for a few words about accident-free operation at AES's. The degree of safety of RBMK-1000 reactors (the Chernobyl type) that were built in the 1960's and 1970's especially worries us. As a result of numerous studies, scientists have come to the conclusion that the risk of any kind of malfunction can be greatly lessened where reactor power is reduced to 70 percent of the nominal. And we have already taken this step. I understand, this solution is a conservative one, but it is dictated by safety considerations. We still expect from science new recommendations on further operation of these reactors.

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1989 Electric-Power Production Performance Reviewed

904E0143A Moscow ELEKTRICHESKIYE STANTSII in Russian No 7, Jul 90 pp 2-6

[Article by Engineer V. Ye. Denisov, Soyuztekhnenergo: "Some Results of USSR Minenergo Operation in 1989"]

[Text] Soyuztekhnenergo [Production Association for the Setting Up, Technological Improvement, and Operation of Electric-Power Stations and Power Grids] makes an annual analysis of the reliability and economy of operation of the branch's power-engineering enterprises and losses of electricity during transmission that enables the operating efficiency of both individual electric-power stations and power-grid enterprises and of power associations, and of USSR Minenergo [Ministry of Power and Electrification] as a whole to be evaluated. The results of the analysis are published in annually issued surveys and are sent to organizations concerned. A comparison of the indicators achieved with those of the preceding period shows the trends in development of power-engineering and the technical level of operation.

Analysis of causes of the backwardness of certain power enterprises and power associations will enable them to get rid of existing deficiencies more quickly. Moreover, an engineering analysis of the indicators of reliability and economy of operation of the equipment enables existing design deficiencies to be found and liquidated and measures for eliminating them to be worked out.

Information about fuel-utilization indicators arrives monthly at the Soyuztekhnenergo computer center over communications channels from 96 production associations for power engineering and electrification and 238 electric-power stations, which provide more than 90 percent of the electricity generated in the country.

Based upon selected primary information, generalized indicators of fuel utilization for the branch as a whole and for individual regional or production-type power associations and electric-power stations are computed. These indicators are contained in the semiannual and annual "Surveys of Economic-Engineering Indicators and an Analysis of Fuel Utilization at USSR Minenergo Thermal Electric-Power Stations," which Soyuztekhnenergo issues.

The operating results of thermal power-station operation in 1989 are marked by the following data. The country produced 1,722 billion kWh of electricity, 1,422.8 billion of it by USSR Minenergo. The branch's thermal power stations generated 1,201.1 billion kWh. Increases in generation over 1988 were, respectively: 21.3 billion kWh (by 1.5 percent) by all electric-power stations, and 28 billion kWh (by 2.4 percent) by thermal electric-power stations. Generation of electricity by GES's fell by 6.7 billion kWh (2.9 percent).

The release of heat by the branch's power-engineering installations fell by 25 million gigacalories, to 1,091.8 million gigacalories. The heat released from thermal electric-power stations declined by 25.6 million gigacalories, to 973.3 million.

The increase in electrical generation at TES's and simultaneous decrease in heat release led to a reduction in district-heating efficiency and, as a result, to increase in specific fuel consumption for the electricity released. For

USSR Minenergo's TES's as a whole, specific fuel consumption for switchboard power rose by 0.6 grams/kWh, to 325.9 grams/kWh. For the heat released from thermal electric-power stations and regional boilerhouses, this indicator improved by 0.1 kg/gigacalories, to 173.0 kg/gigacalories.

It should be noted that the rate of saving of fuel and power resources at thermal electric-power stations while producing energy slowed considerably in recent years. Thus, in comparison with 1985, specific fuel consumption for switchboard power was reduced by only 0.3 grams/kWh, while for heat it remained at the same level. The original five-year plan called for a reduction from 1985 to 1989 in specific fuel consumption for switchboard power by 6.0 grams/kWh, and for heat by 1.7 kg/gigacalories. In so doing, a saving of boilerhouse and furnace fuel during the release of electricity and heat in the amount of 7.7 million tons of standard fuel equivalent was called for. Actually, only 330,000 tons were saved.

Aside from objective factors—an increase in electrical generation at TES's, a reduction in heat release, growth of costs for electricity for pumpover of tap water, and the implementation of measures for preserving the environment—the failure to fulfill plans for rebuilding and modernizing equipment and for introducing new and economical capacity and the dismantling of equipment that is not very economical have exerted a negative influence on the pace of saving fuel and power resources. Moreover, equipment-repair quality, which to a great extent is affected by inadequate material incentives and responsibility for repair and operating personnel to attain high fuel-economy indicators, remains low.

It was planned to save 660,000 tons of fuel in 1989 by rebuilding and modernizing equipment, while actually only about 300,000 tons were saved. Because of failure in delivery of components and parts, more effective measures for modernizing turbine flow sections and the heating surfaces of boilers of 300-800 MW power units remained unfulfilled.

Last year new power capacity in the amount of 1,210 MW was introduced at thermal electric-power stations, 634 MW at hydroelectric stations. The plan for introducing capacity was met by only 23.8 percent at TES's, 50.4 percent at GES's. Plans for measures for eliminating the capacity restrictions of existing equipment also went unfulfilled. Actually, power limitations of 1.6 million KW were eliminated, which is only 60 percent of the planned amount. The shortage of generating capacity has led not only to consumer restrictions but also to an overconsumption of fuel because of a worsening of the electrical-generating structure, since equipment of poor economy has been operating.

Equipment that was worn or poorly economical is being dismantled at an inadequate rate. Last year 564 MW were dismantled, including 399 MW of worn district-heating equipment that operated at a steam pressure of

130 kg/cm² [kilograms-force/square centimeter], and 17 MW of condensation equipment of poor economy.

It should be noted that the economic-accountability system now operating in the branch aims all efforts of power-station and power-system personnel at fulfilling and overfulfilling the main fund-forming indicator—working capacity. In some cases this indicator was fulfilled or overfulfilled at the expense of economy: thermal loads bled from turbines are being transmitted to peak hot-water boilers, the scope and amount of preventive maintenance of equipment are being reduced, and loads are being placed on poorly economical equipment.

The existing system for motivating power-station operating personnel to save fuel needs improvement, since it does not promote the introduction of effective measures, and it equalizes the material incentives for electric-power stations with high and low levels of operation and equipment repair that are operating on solid and gas-or-mazut fuel.

Unless these problems can be solved in 1990, the estimated specific fuel consumption that USSR Gosplan established for the ministry—324.5 grams/kWh for electricity, 172.0 kg/gigacalories for heat—cannot be supported.

Work on reducing line losses during transmission over power grids plays an important role in saving fuel.

Each year the power systems are developing and introducing plans for measures for reducing losses of electricity. Beginning with 1986, Soyuztekhnenergo has been included in the coordination of these measures.

The total benefit both at the planning stage and in actuality has risen, averaging about three billion kWh per year.

Branch methodological and other engineering-standards documentation for planning and calculating the consumption of electricity during its transmission have been developed and introduced. Organizational work that has been done, as well as engineering measures that have been accomplished within power systems each year, have yielded a positive benefit.

In 1989 line losses during transmission over USSR Minenergo power grids were 132.81 billion kWh, or 8.65 percent. In comparison with 1988, relative losses of electricity have been reduced by 0.14 percent of a point.

The indicated reduction of electrical losses is objective and is confirmed by calculations. The main reasons for the reduction are the rate of growth, which is slow in comparison with 1988, of the number of electric power stations that have been released to USSR Minenergo grid and the increased number of measures aimed at reducing the losses. Engineering measures were to yield a planned benefit of 2.57 billion kWh, but only 2.97 billion kWh were realized.

As a result, the actual benefit of reduced losses from these measures is not only compensating for the natural growth of load losses because of the increase in power going into the grid but it is also allowing losses as a whole to be reduced.

Reports about power-unit reliability, according to the results of processing information about equipment reliability that arrives at Soyuztekhnenergo, are published quarterly, and the "Analysis of Operation of Power-Units" and the "Survey of Breakdowns of Thermal Mechanical Equipment of Electric-Power Stations with Cross Links" are being published annually.

In 1989 the total number of accidents throughout USSR Minenergo as a whole dropped from 422 in 1988 to 362, those that were the fault of personnel dropped from 159 to 114. The total number of first-degree breakdowns was reduced from 36,405 to 33,294, those the fault of personnel fell from 5,490 to 4,643. It should be noted,

however, that the number of accidents rose from 44 to 56 in Tsentrenergo, from 23 to 25 in Yuzhenergo, from 9 to 11 in Tyumenenergo, and from 14 to 17 in Azenergo. The number of first degree breakdowns rose substantially in Astrakhanenergo (from 346 to 488), in Rostovenergo (from 606 to 682), and in Sakhalinenergo (from 31 to 55).

The main power-unit reliability indicators have changed insignificantly in recent years: the readiness of 150-300 MW power units has stabilized at 87-88 percent, 800 MW units at 82-83 percent, and underutilization of capacity was at the 2.2-3.0 and 5.2-5.6 percent levels, respectively. Operating time before failure of power units also did not change within broad limits: from 700-850 hours at 800 MW power units, 1,400 hours at 300 MW units.

Power-unit operation during 1988 and 1989 is marked by the following data:

Indicator	Year	Power units			
		800 MW	500 MW	300 MW	200 MW
Availability factor, %	1989	83.5	80.8	85.7	86.5
	1988	82.5	74.5	87.4	87.2
Design capacity utilization factor, %	1989	74.4	65.4	66.3	69.3
	1988	71.9	62.8	66.9	68.3
Specific fuel consumption, g/kWh	1989	325.5	346.8	345.1	360.1
	1988	326.1	343.6	345.1	360.1
Operating time before failure, hr	1989	855	336	1,440	1,205
	1988	727	324	1,457	1,323

The capacity that was most underutilized because of breakdowns was noted at Ryazanskaya GRES (16.8 percent) and Berezovskaya GRES-1 (14.8 percent) (the standard is 3.0 percent) for 800 MW power units, at Ekibastuzskaya GRES (12.5 percent) and Troitskaya GRES (10.3 percent) (the standard is 6.0 percent) for 500-MW power units, at Azerbaydzhanskaya GRES (10.4 percent) (the standard is 2.0 percent) for 300-MW power units, at Gusinozerskaya GRES (11.1 percent) (the standard is 4.0 percent) for 200-MW power units, and at Yerevanskaya TETs (18.6 percent) (the standard is 1.5 percent) for 150-MW power units.

Serious accidents occurred at some electric-power stations in 1989 because of poor organization of operation and repair.

In May a 700-mm sag was observed in the firebox of a TGMP-344 boiler at the Azerbaydzhanskaya GRES that was caused by damage to components of the screens' suspension. Investigation of the accident established that the side-screen suspension was damaged by overheating, and that damage of the front screens was mechanical in nature (breaks). The cause of the accident was prolonged

operation of the boiler with unsealed firebox floors and delay in replacing suspensions that had broken down.

Also at this same GRES, in May-June three accidents occurred because of damage to K-300-240 turbine bearings. The causes of the bearing damage was poor-quality repair and low operating sophistication, with deviations from PTE [technical operating instructions] requirements, which forbid turbine operation with inadmissible vibration.

The moving blades of a TsND [low-pressure cylinder] at the Ulegorskaya GRES was damaged in June. The accident was categorized as having occurred through the fault of supervisory personnel of the GRES, because, in violation of an existing circular, the metal was not monitored during overhaul, and the blades, which had a multitude of deep pits at the trailing edges, were not replaced.

In October the blade apparatus of a T-100/120-130 turbine was damaged at the Kurganskaya TETs as a result of lengthy operation at a vacuum lower than the limit line and increase in exhaust temperature to 150 degrees C.

At the Gusinozerskaya GRES, during repair work on the 220-kV ORU [outdoor distribution system], repair personnel switched on the grounding blade of the phase C leg on the operating system of 220-kV buses without authorization, causing it to trip and causing severance from the Siberian OES [interconnected power system] by the action of the Chita power system's automated accident-prevention equipment, leading to a great shortage of power and the shutdown of important customers.

A number of accidents were caused also by factory defects in equipment.

In August, at the Smolenskaya GRES, the transformer of a TDTs-250000/220-73U1 power unit that was made in 1985 was shut off by protective action. Upon opening up the transformer, it was found that two 220-kV coils had been damaged by an electric arc caused by defects of the wound insulation that were committed at the manufacturing plant.

At the Ekibastuz GRES-1, in July, a TGV-500-2 turbo-generator power unit which was produced in 1980 by Kharkov's PO [Production Association] Elektroyazhmash [Heavy Electric-Machine Manufacturing] was taken out for repair. The cause of the stoppage was a breakdown of the exciter torsion bar at the place of coupling that occurred because of a weakening of its mechanical strength, caused by an extraordinary increase in the depth of the boring of the hole for attaching the flange of the water lead-in pipe.

At Permenergo's Yayvinskaya GRES, in August, the rotor jammed on a K-160-130 turbine which had been switched off from the power grid and was rotating during shaft turning. Upon opening the turbine, six loose fastening screws of segments of the TsVD [high-pressure cylinder] nozzle box were found which had come unscrewed and fallen into the flow passage. The screws came unscrewed because of failure to lock them at the manufacturing plant.

About 15 percent of the electricity is generated each year at USSR Minenergo hydroelectric power stations. The design capacity of the 373 USSR Minenergo hydroelectric-power stations at the end of 1989 was 63,808.800 kW. The planned increase of 1,545,100 kW in hydroelectric-power station capacity for 1989 was not fulfilled. The planned startups of hydroelectric-power units of the Kayshydorskaya GAES [pumped-storage electric-power plant] and the Krivopozhskaya and Yenikendskaya GES's failed. One hydroelectric-power unit each was introduced at the Zagorskaya GAES and the Shuylbinskaya GES and two units were introduced at the Cascade of Vorotanskaya GES's.

Last year 221.8 billion kWh of electricity were generated at hydroelectric-power stations, 2.9 percent less than in 1988. The generation of less electricity at GES's than in 1988 is associated with the low water level of rivers in some parts of the country, including Central Asia.

The average prime cost for generating electricity at GES's during the past four years of the 12th Five-Year Plan fluctuated from 0.148 to 0.159 kopecks/kWh. Electrical consumption for in-house needs was 0.25 percent. Specific manning by industrial-production personnel, which was 0.24 persons per MW in 1989, has remained practically unchanged since 1987, while the specific manning of industrial-production personnel at various hydroelectric-power stations fluctuated over broad ranges. At the Krasnoyarskaya, Bratskaya, Ust-Ilimskaya and some other large hydroelectric-power stations it was 0.1-0.14 of a person per MW, while at those with capacities from 25 to 100 MW it was 0.85-0.77 of a person per kW. In this case, operating personnel numbered only 8-15 percent of total manning, while the remainder consisted of administrative, repair and transport personnel and guards.

The reduction in introduction of new hydroelectric-power station capacity was accompanied by an increase in specific numbers of hydroelectric-power equipment that had served out the standard period, which is defined by state standards and equipment specifications. Of 1,164 hydroelectric-power units that were operating at GES's, about half (510) had worked for more than 30 years. Of 336 GES's in the Minenergo inventory, 25 had operated more than 50 years, their reequipping not being firm.

Maintaining worn and obsolete equipment in an efficient state required increased expense in labor and materials. In this case the operating reliability of such equipment was reduced and the availability factor was less than 0.9. USSR Sovmin (Council of Ministers) and USSR Minenergo documents for the current five-year plan called for work to be done to reequip or rebuild 58 hydroelectric-power units at 19 GES's. The amount of rebuilding planned was carried out at only three GES's, this work being done at 13 units. These were at the Volzhskaya GES imeni XII syezda KPSS, the Nurekskaya GES, and the Zemoavialskaya GES. The rebuilding in 1990 of 21 more hydroelectric-power units, of 4.4 MW capacity, which was planned by power enterprises, has not been provided fully with financial and material resources, so its fulfillment is extremely doubtful.

A sadder situation is taking shape with regard to the fulfillment of current five-year plan measures for replacing various worn components of hydroelectric-power equipment. The water wheels on 15 hydropower turbines were replaced, 20 sets of blades of adjustable-blade hydropower turbines were replaced, stator windings with thermoset insulation were replaced on 45 hydropower generators, and, moreover, stator cores on 10 hydropower generators were replaced with new windings or were relaminated. The number of said operations exceeded somewhat the number contemplated by the plan. At the same time, the rebuilding of the exciter systems of hydropower generators based on thyristor systems was executed at only 31 hydropower generators instead of the 98 under the plan.

During 1989, 86 breakdowns in hydropower-equipment operation (hydropower turbines and hydropower generators) were recorded at GES's, including five accidents with water-turbine equipment and two with hydropower generators. Damage to the electrical portion of the hydropower units was associated with breaking of the insulation of the hydropower generator's stator core (the Nurekskaya, Shamkhorskaya, Inguri and Krasnoyarskaya GES's), with the appearance of a flow of distillate in the stator winding cooling system, with fault in the excitation system, and so on. The main volume of mechanical damage to hydropower units is linked with damage of the water turbines (28 breakdowns), including damage of turbine bearings, runner casings, turbine shaft seals, and runner blades. It should be noted that serious accidents with hydropower turbines have occurred at relatively new hydroelectric-power stations, which testifies to the low quality of manufacture and assembly of hydropower turbines (the Kolymskaya and Shamkhorskaya GES) and low level of operation (the Inguri GES).

In 1989 the unpleasantness of some years that is connected with breakdowns in operation of the mechanisms for turning the blades of POT LMZ adjustable-blade turbines continued at the Cheboksarskaya and Nizhne-Kamskaya GES's as a result of which, prior to the elimination of these breakdowns, which required expensive work for complete dismantling of the hydropower units, some of the hydropower turbines were converted to the propeller mode, which reduced their capacity and efficiency. The protracted situation in the development by POT LMZ of effective measures for eliminating

breakdowns in operation of the mechanisms for turning blades places in doubt the use of such hydropower-turbine designs on newly built hydroelectric-power stations and in the rebuilding of existing GES's.

Last year was not an exception in regard to gaps between the proposed and the design capacity of hydroelectric-power stations, which continue for various reasons. On 1 January 1990, this gap was 16.18 million kW (25.4 percent of the design capacity of all USSR Minenergo GES's). It should be noted that the magnitude of the gap during the fall-and- winter period is about 5-6 million kW more than during the spring-and- summer period, reducing considerably the role of hydropower stations in covering the peak of the load curve in this most difficult period for the power engineers. The basic cause of the gaps between installed and proposed capacity are the so-called seasonal restrictions, the amount of which for Krasnoyarskaya GES alone during the winter is 2.5 million kW.

Because of limitations on the throughput capability of VL's [overhead lines], underutilized installed capacity at the Sayano-Shushenskaya GES alone is more than 3.0 million kW. Deficiencies in hydropower resources for the OES of Central Asia alone cause restrictions of installed capacity in the fall-and-winter period of more than 4.0 million kW. More than 1.3 million kW of installed capacity are underutilized at the Nizhne-Kamskaya and Cheboksarskaya GES's because of the impossibility of filling the water-reservoir to the designed level.

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AUCCTU Secretary Answers Workers' Questions on Unemployment, Unions

904F0232A Moscow TRUD in Russian 2 Aug 90 pp 1, 2

[Responses to telephone questions by AUCCTU Secretary V.M. Mishin, recorded by A. Kozlov, V. Pisarchik and B. Tebiyev: "Consolidation Is Not Just a Slogan"]

[Text] Moscow—Fifty six telephone calls. They represent views on trade unions and the search for a way out of the problems or simply human fate that are overwhelming all of us.... This was the sum of a four-hour dialogue on Saturday between AUCCTU [All-Union Central Council of Trade Unions] Secretary V.M. Mishin and the readers of TRUD. To this we will add the calls and letters to the editor's office that preceded the dialogue on Saturday. There were many of them as well.

But let us start from the beginning. On Saturday morning, 28 July, the telephone has been ringing incessantly for several hours already. It is 56 minutes after 10. V. Mishin picks up the receiver...

Hello.

Good day.

My family name is Semenchenko and I live in Novochoerkassk. Viktor Maksimovich, how would you personally formulate the concept of the activity of the trade unions not in general but as applied to our society and our country in our time?

Today new relations are being "smoothed out" between the trade unions and state—relations of a social partnership. On this basis, I see two main directions in the development of our activities.

In the first place, development of alternative versions of laws, socioeconomic projects and programs.

In the second place, development of worker control—from simple intervention in the area of distribution to control over the standard of living of the Soviet people through control over production, the quality of goods and services and the prices for them....

Comrade Mishin?

Yes, I am listening to you.

This is Oksana Olkhovich calling from Kiev.... This is how it usually is with us: once a decision has been made, for example, by the Politburo, there is no one to take responsibility. Does this principle also apply in the leadership of the AUCCTU?

First of all, I consider it necessary to stipulate that having been a member of the highest bodies of the AUCCTU leadership for four years, I cannot fail to share full responsibility not only for the strategic course of renewing the trade unions but also for all specific decisions made by these bodies. I have in mind the presidium and the secretariat.

I say this because this epidemic is spreading literally before our eyes: to shake off the association with the past like some dirty clothes.

So, paraphrasing the poet Nikolay Gumilev, I have no desire to take part in this massive replacement of souls. For this reason, I am speaking of my unconditional responsibility for collective decisions, including erroneous and unpopular decisions. Since, as all of us, I am probably strong with hindsight, I now realize very well that in many cases I could not defend some radical proposal or other in these top bodies. I submitted to the majority, whereas on fundamental questions it has long since become time to present not a unified document approved by the presidium but alternative versions of it to the judgment of the plenums and sometimes all trade union organizations.

This is Vasily Ivanovich Siripkin from Moscow. Tell us, how will a Soviet unemployed person live under the conditions of the market economy?

Vasily Ivanovich, I share your concern. According to some data, today there are already about six million unemployed in our country. Some economists are predicting that this figure will increase by a factor of six or seven in the coming years.

The position of the trade unions is unequivocal: the constitutional right of every Soviet person to labor must be preserved. And the state is obligated to take full responsibility for the implementation of a policy of full employment. Is such a thing possible under the conditions of the market economy? Yes, if the socialist state comes out as a real regulator of the market and if the working people through their own public organizations and above all, of course, through the trade unions are able to establish a democratic system for the management of the economy and a system to control the standard of living.

Today the trade unions have prepared an alternative draft of the "Bases of Legislation of the USSR and Union Republics on the Employment of the Population." It was put together taking into account world practice in the social protection of unemployed persons and differs significantly from the draft law by the USSR State Committee for Labor and Social Problems, primarily through a larger number of guarantees. The trade union plan pays special attention to compensation. We think that the minimum amount of unemployment assistance must be 50 percent of the average wage at the last place of work of the working person. The union republics as well as enterprises and organizations (on the basis of collective agreements) must be granted the right to introduce additions to the state minimum unemployment assistance.

In contrast to the version of the USSR State Committee for Labor, the draft law of the trade unions proposes, besides financial relief, a system for additional assistance, which provides that when the period for the payment of benefits expires the citizen may receive material and other help.

including payments for the use of municipal services, public transport and apartment rent.

I speak of this in the most general terms, because similar material on this subject was published in TRUD on 19 July. You can find this issue of the newspaper and read it.

Let me share my joy: my son was enrolled in the institute. But my joy turned to concern. Can my son and I live on my small wage and his stipend and will he even receive it?—L.I. Danilchenko from Lyubertsy in Moscow Oblast.

I want to reassure you, Lyumila Ivanovna. In April of this year, the AUCCTU together with the USSR Council of Ministers and the Komsomol Central Committee passed a decree "On Additional Measures to Improve the Living Conditions of Students and Pupils at Higher and Secondary Special Educational Institutions." Under the decree, all successful students and pupils at *tekhnikum*s who are studying full time will be paid a stipend beginning 1 September of this year. And the size of the stipends to students of all VUZ's, courses and specialties has been raised to 60 rubles a month. The size of the stipends for pupils at secondary special educational institutions has been raised to 45 rubles.

The decree acknowledged the expediency of establishing a social assistance fund at higher and secondary special educational institutions for students and pupils in acute need to pay for preferential catering and the provision of material assistance.

I work as chairman of a trade union committee. Informal sources and the press are unanimous in saying that local trade union organizations still adhere to stereotypes of stagnation. But did they think about the reasons? In my opinion, instead of talking so much about the independence of trade unions, it would be better to come up with a way to protect the protector—the chairman of the primary organization—a comment from V.G. Zhukovetskiy from Lvov.

Valentin Grigorevich, I think that you will agree that in the more than five years of *perestroyka* much has been done to raise the role of the primary trade union organization. Essentially a new standardized legal base is being established for its activities. Today no one commands a trade union organization "from above," as was the case in the recent past. There has been a significant turnover of key trade union personnel in the overwhelming majority of organizations during these years.

But you are right in saying that the voice of the primary trade union organization has not become louder.

What is going on? There are, of course, special reasons in each specific case. In some places, by force of habit, they elected faceless people without initiative as chairmen of trade union committees. In some places, the higher bodies are trying to put pressure on intractable chairmen of trade union committees, to "cut off their oxygen," in

a manner of speaking. In some cases, trade union workers and activists are simply not informed of their rights.

In such cases, one should hardly expect that life itself will set everything straight. State legislative guarantees of trade union rights are needed, as are guarantees of the social protection of trade union workers. It is clearly expedient to develop and strengthen the status of the chairman of a trade union committee and to provide bonuses for trade union workers at enterprises not at the expense of the enterprises, which like it or not makes them dependent upon the administration, but from trade union funds.

I think that all of these complex questions requiring a well-conceived and joint decision will become the subject of a discussion by the delegates of the 21st Congress of Soviet Trade Unions.

Viktor Maksimovich, I know that as secretary of the AUCCTU you are dealing with questions having to do with the development of physical culture and sports. Do you agree that the wages of the workers in this sphere are miserly? And in general, will the residual principle continue to exist for long in the financing of mass physical culture and sports work?

Introduce yourself, please.

Sardyukov, from Tula....

Literally just a few days ago, on 16 July, the USSR State Committee for Labor and Social Problems and the AUCCTU Secretariat passed a decree "On the Improvement of the Organization of Wages and the Introduction of New Conditions for the Remuneration of Labor, Rates and Salaries of Workers in Physical Culture and Sports, Salaries of Trainers and Stipends of Sportsmen-Instructors of Combined Teams of the USSR, Departments and Physical Culture and Sports Organizations." Oh, I barely got that out.... So that to a certain extent social justice has been restored with respect to the given category of workers.

It is a much more complicated matter to respond to the second part of the question. Recently, in connection with the transition to cost accounting of enterprises and organizations, a thrift campaign has begun everywhere in health-improving physical culture and sports work. The already meager expenditures for the maintenance of sports facilities have been reduced. The striving of labor collectives for immediate material advantages led to the cessation of the work of dozens of sports schools for children and young people. The conduct of some managers of trade union organizations who came out in favor of the refusal of trade union organizations to take part in the development of health-improving physical culture and sports work cannot be called anything but irresponsible.

In this situation, the AUCCTU Secretariat considered it necessary to support the appeal of a group of activists in

physical culture and sports work to carry out a united day of actions in defense of physical culture and sports on 11 August of this year. Its objective is to draw the attention of the soviets of peoples' deputies, economic managers and the broadest possible public to the urgent problems in physical culture and sports work.

And may I ask a personal question?

Go ahead.

This is Yelena Sergeyevna Vyкова from Smolensk. I am interested in whether or not you intend to leave the CPSU?

I want to answer you as conclusively as possible. I have been a member of the CPSU for more than 20 years. I was elected to be a member of the CPSU Central Committee. And, as every conscientious communist, I also sense my own responsibility for the situation in the party and for the mistakes that it made. In such a situation, I would consider resignation from the party, whatever may dictate it, to be treachery.

But there is another social side to your question. The trade unions were long considered the "drive belt" from the party to the masses. It is well known what this led to. The trade unions lost their face and became part of the administrative-command system. The situation is now undergoing fundamental change. They are attaining true independence. And these principles are already set forth in trade union documents. Besides that, the party itself has renounced dictates and its "leading and guiding role" in relation to trade unions, having recognized them as an equal organization in partnership.

Under the current conditions, the party can exercise its influence on the work of trade unions only through the communists working in them.

I will note that by nature trade unions are a nonparty organization. In addition, the trade unions have the real possibility within the scope of their competence to coordinate the political interests of different social forces that are sincerely interested in the success of perestroika and the democratization of our society.

I am convinced that representatives of different political parties and tendencies that have the confidence of the working people can work in the leading bodies of trade unions. This will only help to strengthen the influence and authority of the most massive organization of working people in our society.

My family name is Tishkova and I am from the Voronezh Oblast committee of the trade union for communications workers. Viktor Maksimovich, how do you view the activities of the new trade union center that is supposed to be established at the 19th Congress of Trade Unions?

I believe that the inherent laws in the development of trade unions in the so-called civilized countries speak of the priority of the branch principle. Strong branch trade unions are the basis of the public authority of the entire

trade union movement. At the same time, that same experience also speaks of the necessity of having powerful trade union centers, national as well as regional. The main function of these bodies is not administrative and directive but precisely that of coordination.

On what might a national trade union center concentrate its efforts?

Above all it must work out the fundamental bases for the policy of trade unions in the USSR and on this basis present to the higher bodies of state authority alternative draft laws and proposals on questions having to do with social and economic, cultural and international life. Its competence must also include the coordination of international ties and the international activities of trade unions.

I think that the congress will have to analyze in detail the new situation that is arising in the country with regard to the adoption of declarations of sovereignty by the supreme soviets of a number of republics. I think that we have not yet fully comprehended the consequences for the country as a whole and for trade unions in particular from the priority of republic over union laws.

In welcoming the sovereign right of peoples to self-determination, one must overlook the growing danger to the unity of the trade union movement—to unity not in the sense of command from the center but in the sense of the objectives and tasks of the movement. After all, consolidation is not merely a slogan. I am convinced that whatever the changes in the political arena we must not allow the trade unions of Belorussia to be left alone with the Chernobyl predicament or our Uzbek comrades to have to deal alone with the consequences of the hypertrophied development of cotton growing in Uzbekistan or the tragedy of Armenian and Azerbaijan refugees as well as of the refugees of other nationalities to be of no concern to anyone but their blood brothers.

This is why I am against the pilfering of trade union property to national apartments. I am in favor of the democratic and rational disposal of it in the scope of a free confederation, the voluntary members of which will not be trade union organizers themselves but trade union organizations headed by them....

Moscow Time 3:15 pm.

Viktor Maksimovich, a final question from those conducting the "direct line." Among the problems that our readers shared with you by telephone, it is possible to isolate out a group of a private nature, in a manner of speaking. These are questions having to do with housing, pensions, various privileges and supplemental payments and violations in dismissal from work and the distribution of passenger cars. This was the subject of our conversations with R. Vabenko from Mineralnyye Vody, M. Tsetkovaya from Ulyanovsk, F. Samokhvalov from Chulman in Yakutskaya ASSR, N. Rakitin from Sayanogorsk, V. Sverdlin from Severomorsk, A. Tupakhina from Goryachiy Klyuch in Krasnodarskiy Kray, V. Matyev from

Berdinsk, L. Sidorova from Dnepropetrovsk, V. Yanovskiy from the settlement of Repki in Chernigov Oblast, V. Yevdokimov from Mariupol, V. Silantyeva from Borisov in Minsk Oblast, O. Makeyeva from Tolyatti, K. Makurina from Lysyeva in Perm Oblast, S. Chernin and P. Volnov from Moscow, T. Turskaya from Rybinsk and N. Yershov from Prokopyevsk.

Indeed, there were many "private" questions, as you called them. The information that those calling were able to relate by telephone confirmed the conclusion that locally there are still many violations of laws and the decisions of trade union bodies and the AUCCTU. In such cases, as you yourselves heard, I asked my interlocutors to state their complaints, requests and declarations in writing, appending copies of the necessary documents, and to send them to me at the AUCCTU. I will try to help everyone.

Asian Republics, Other Unemployment Claims Refuted

904F0228A Moscow TRUD in Russian 1 Aug 90 p 2

[Article by V. Potapov, candidate of economic sciences, senior researcher at the USSR Academy of Sciences sociology institute: "How the Unemployed Are Being Helped"; for 13 May 90 TRUD article "Unemployment: Myths and Reality," please see JPRS-UEA-90-019, 7 Jun 90, pp 111-113]

[Text] The problem of unemployment is given an increasingly prominent place on the pages of newspapers. At issue here is both the current and the future shortage of jobs. Yet, there is no exact data. Published figures on the redundant differ considerably, while some are simply dumbfounding. For instance, last year, PRAVDA cited an unofficial organization, "Association of the Unemployed," for an incredible figure of 23 million. Relative to total workforce, unemployment at such a level occurs very rarely in world practice. The dramatic about-face in evaluating the situation, from full employment to the highest level of unemployment possible, cannot be trustworthy.

A similar discrepancy exists in forecasts related to the transition to the market economy. The reliability of assessments of how the situation will unfold in the future is a key issue determining the effectiveness of measures regulating the employment situation. As we move toward the market we desperately need real figures and an objective analysis of the situation. If we believe that there are "tens of millions" of unemployed, who, moreover, must have at least an equal number of dependent family members, we will have to admit that the situation in the country is not just a crisis but a disaster. But there is nothing like this and, in my opinion, it cannot happen. In this respect, I fully agree with the author of the article in TRUD (12 and 13 May) titled "Unemployment: Myths and Reality." In short, the figure of 23 million is just another myth.

Let us take a look at the situation. Unemployment in developed countries is a sign of economic crisis, but of a

crisis of overproduction. A job shortage under conditions of pandemic deficit of goods and services can only be the result of chaos. Since we have not yet reached this stage, the data on the number of the redundant seem dubious.

Moreover, unemployment in the West is usually the result of a highly intensive economy. We have not yet succeeded in moving our economy to that stage. Hence, there are no objective conditions for a multimillion army of unemployed to appear. Where does this data come from then?

First, the unofficial association included among the unemployed all members of the labor force who are not currently working: students, housewives, servicemen, clergymen, prison inmates and a number of other groups who by no means can be considered unemployed. In short, the count is wrong, to say the least.

Second, official statistics fail to clarify the situation. Their main source is the labor resources balances developed by data-collecting entities. They report the number of employed on an average annual basis and therefore are as much use in describing the employment situation as data on average body temperatures is for assessing the state of a person's health. This is because average annual data is much lower than actual figures, especially in seasonal industries. For instance, people holding permanent jobs (at least six months out of a year, with the remainder spent on unpaid leave) are, in accordance with orders by the USSR State Committee for Statistics, included neither in the regular lists nor in the average lists, and therefore are absent from the average annual data on employees. In other words, the more seasonal the industry, the more does the data tend to average out and the more distorted is the true picture. As a result, the number of unemployed gets more and more bloated.

We must establish a system for keeping a direct tab on those who need work and are unable to find employment in a time period set by law. This is one of the main conditions for developing an effective employment policy. Another condition is the availability of complete data on demand for labor.

According to the latest USSR State Committee for Labor data, the number of vacancies amounts to 2.8 million. In addition, the second and third shifts could offer work for another seven million people. Yet, these figures are far from reflecting fully the real demand for labor. First, it is the unsatisfied demand of just one part of the economy (mainly industry, construction, motor transport, retail trade and public catering). Second, it reflects the needs of enterprises for workers which they report to state employment entities. But the current job placement system is no longer all-encompassing. The majority of workers seek and find jobs independently. Hence, the true demand for labor is much higher.

Let us turn our gaze southward, namely at the Central Asian republics which supposedly have millions of totally unemployed people in the countryside. There, the

downward bias in calculating the number of the employed (using average annual figures) reaches 20 percent at sovkhozes and 30 percent at kolkhozes. This occurs because when the workforce balances are calculated all workers in excess of the average annual employment figure are automatically classified as unemployed.

Let us look at the state reports from kolkhozes. Out of the total number of collective farmers of working age some one percent did not take any part in social production in the UzSSR and KiSSR, two percent in the TuSSR and seven percent in the TaSSR. It turned out that these numbers contained 77 percent to 90 percent of women, including mothers of large families. The number of such collective farmers for the country overall totaled only 100,000.

On the one hand, during the busy period, up to 95 percent of all collective farmers able to work are employed in the fields and farms of Central Asia. Every one of them, including women, works 24-26 days a month. On the other hand, during lull periods, over one half of the manpower is idle. Consequently, the first problem to be addressed is that of providing year-round employment and raising labor productivity. However, the opposite is being done: people are being forced to stay in the countryside with the help of branches and shops established there by industrial enterprises. In other words, they still live in kolkhozes but no longer work in the fields, whereas others are mobilized to work there during busy periods. **What we have here is a vicious circle: the more collective farmers get employment, the greater the need for pressing others into service to work in the fields. What can be done about it?**

First of all, we must effect a rational redistribution of labor among enterprises within the agricultural complex. For instance, food processing is also a seasonal industry, which usually does not overlap with the busy periods in the fields. Thus, it becomes an important reserve for providing employment.

Viewed in this context, the program of building branches and shops of industrial enterprises which do not relate to agricultural seasons seems to be artificial. It does not address the actual situation of employment there. If it is allowed to go on in the future, distortions may become so significant as to lead to a total disorganization of Central Asian economies.

The conclusion suggests itself: **exaggerated coverage of the employment situation is used as a justification for siphoning material and financial resources from the union fund.** The republics themselves decide how those funds are used. This is how the defective economic system survives, even though it has been said on numerous occasions that it must be dismantled.

The stakes in the game of mythical figures are high. We are talking about large sums. If they succeed in getting their hands even on a portion of these sums, their aim will be achieved. From the point of view of narrowly local interests, this aim justifies the means.

The true economic situation is such that the economy suffers not from an excess but a shortage of labor. The size of unsatisfied demand is at least twice as high as that which was indicated by the USSR State Committee for Labor.

However, the country has its unemployed, too. Their number has risen in recent years. They primarily include refugees as well as residents of regions affected by various kinds of major disasters. In addition, well-known difficulties exist with finding jobs for mothers of small children, young people, handicapped and persons returning from places of confinement. All this points to a long-standing need to draft conditions and norms for providing effective assistance in obtaining employment. Once we shift to the market economy, such need will become extremely urgent.

It should also be understood that unemployment is not inevitable at almost any level of economic development. It can reach large proportions only due to poor organization.

A large portion of workers freed as a result of emerging market relations will be employed by those same industries both to increase production and to create conditions for full, more balanced and normal employment. I do not see demand for labor falling drastically even after the current shortfall is made up. The structure of employment in the USSR is quite different from the one which exists in developed countries. Here, two thirds of the labor force are employed in production, compared to just one third there.

Economic conditions for unemployment can arise here only after the market is fully supplied with goods and services. But then, too, new reserves for regulating the employment situation could be tapped. These include, in my opinion, reducing labor force participation by women and creating for them the necessary conditions for raising children, while preserving all the appropriate social benefits, of course. Another source is liberating persons of retirement age of the need to work. The third one is cutting the work day.

According to some economists, during transition to the market, tens of millions of workers will become unemployed because loss-making enterprises will shut down. But first, given today's prices, there is no basis for terming an enterprise loss-making. Second, even under a system of balanced prices, the fate of loss-making enterprises is not certain. In particular, in a number of cases it is practically impossible to dissolve a loss-making kolkhoz or sovkhoz and to carve private farms out of it, given that the average age of remaining peasants, especially in Russia, is near retirement.

The best acceptable solution for such farms would be to free them completely from state orders. In this case they will shift to producing the least labor intensive but needed products and will repair their business affairs, improving subsequently their demographic situation as well. The same applies to all other enterprises which will

initially find it hard to make ends meet. **Complete freedom to produce and sell output will help them out of the crisis.**

Who may really get hurt in the transition to normal economic methods are employees of numerous ministries, departments and various management entities. For them, the threat of unemployment is most palpable. This is why it is important to prepare, on a timely basis, conditions for providing employment for them and to make sure that they could be retrained, if need be.

From the Social Problems Department

It is no accident that the author, while reviewing the employment situation, turns to the situation in the Central Asian region. The leaders of the republics themselves single out this problem as a priority. Our correspondents have an understandable desire to provide a thorough analysis of the situation which may trigger serious social and political upheavals, to seek solutions for the problem that exists there and to forecast the development of event in the country as a whole in relation to the shift to the market economy. However, this approach does not please everybody, especially certain Uzbekistan leaders who apparently want to see newspaper pages, including of a union-level newspaper, express only their own point of view. Otherwise it is difficult to understand their truly virulent reaction to the

article "Unemployment: Myths and Reality" (TRUD, 12 and 13 May). Even though the article was polemical.

We expected a continuation of the polemics, a constructive reply or a debate. Instead, we got something quite different: telephone calls from highly placed officials and a storm of rebuttals in the local press raised as though on cue. Most of them contained no reasonable objections and showed no intention to argue with the correspondent about the substance of the issues he had raised. Instead, the articles were full of emotions and obvious exaggerations, accusing the author practically of insulting the republic's leadership (and hence the entire people) and even of playing into the hands of those who fan interethnic strife. Some even raised the question: "Maybe there are others, besides the author, lurking in the background?" Does it not remind you of yet another search for enemies to blame?

The problem is not, of course, the personal insults, especially based on facts without basis in reality. Incidentally, PRAVDA, SOVREMENNİK, SOYUZ and OGONEK—in short, everyone who dared express their opinion—also got their share of rancor. The problem is the desire to do everything to protect the powers that be from any form of criticism, to hide from outside observers and to act only based on one's own wishes regardless of the processes under way in the country—such is, at least, the impression one gets. We see a clear attempt to curb the press, in violation of the law on the press which comes into force today.

RAIL SYSTEMS

Half-Year Rail Performance Statistics Issued

904H0273A Moscow GUDOK in Russian 26 Jul 90
pp 1-2

[Article based on materials from the Ministry of Railways Statistical Administration: "Lessons From the Past"]

[Text] Railroaders worked in difficult conditions in the first half of the final year of the 12th Five-Year Plan. Destabilization of the political and economic situation in a number of the country's regions resulted in a decrease in the rate of production in some sectors of the national economy, which reflected negatively upon the work of the transportation conveyor. In combination with other circumstances not depending on the railroaders, the shortcomings that did exist in rail transportation in organizing the shipment process and in using and maintaining equipment affected the sector's work results.

Freight Transport

In June, rail transportation fulfilled its planned transport target by 100.9 percent. Over 2.7 million tons of products were delivered in excess of the plan. In this case the plan was fulfilled in relation to 23 out of 42 named types of freight.

Despite the fact that the June plan was met, the shortfall from the beginning of the year was not made up. The sector's six-month debt was more than seven million tons. The plan was fulfilled in relation to only four out of 14 types of freight identified in state orders, and in relation to 16 out of 28 types of freight identified in local plans. In the first half of the year around 1,956,000,000 tons of products were shipped. This was 0.4 percent below the plan.

Twenty-one railroads completed the half-year shipping plan. Of them, 13 were able to fulfill state orders. The greatest contribution was made by the Belorussian, Krasnoyarsk, Central Asian, Northern Caucasian, Western Siberian and Moscow railroads.

At the same time the Azerbaijan, Far Eastern, Baikal-Amur, Donets, Southern Ural, Kemerovo, Alma-Ata, Sverdlovsk, Tselinnaya, Gorkiy and Dniepr railroads fell short of the half-year plan.

Shipment Routing

While the total shipping volume decreased by 3.1 percent in comparison with the same period of last year, delivery of freight on regular routes decreased by 7.2 percent. In this case the proportion of such shipping decreased by 1.7 percent with respect to the total shipping volume. The quality with which the routing plan was fulfilled worsened. The number of times routed shipments were unsuccessful increased by more than 14 percent. The level of routing exceeded last year's level on

the Southwestern, Azerbaijan, Caucasian, Central Asian, Alma-Ata and Far Eastern railroads. This indicator is below the network average, and it continues to decline on the Moscow, Gorkiy, Moldavian, Volga and Southern Ural railroads.

Unloading

Each day 198,500 rail cars were unloaded on the railroad network, which is 6,400 less than in the corresponding period of last year, in the face of a decrease in local freight volume by 8,500 rail cars. The railroads were 2.6 percent short of the planned quota. One of the reasons for unsatisfactory unloading was the still low level of unloading in the first half of the day—27.8 percent. Unloading on days off and holidays decreased significantly. It was 5,400 rail cars less in comparison with work days, totaling 194,100 cars.

Container Shipping

Twenty-seven million tons of freight were shipped in containers, which corresponds to 100.2 percent fulfillment of the plan, and 99.3 percent of last year's level. Shipments in high-capacity containers were more successful. The best results were achieved in this area by the Oktyabrsk, Gorkiy, Southwestern, Volga, Western Kazakhstan, Central Asian and Sverdlovsk railroads. At the same time the Belorussian, Baltic, Moscow, Transcaucasian and Eastern Siberian railroads fell behind.

Freight Turnover

Freight turnover in the first half of the year was 1,882,000,000 tariff ton-kilometers. This was 3.4 percent below the planned quota and 3.5 percent less than in the same period of last year. According to data for January-May the plan was fulfilled only by the Western Kazakhstan, Central Asian, Eastern Siberian and Transbaikal railroads. The decrease in freight turnover occurred both due to reduction of shipping volume and shortening of freight shipping distance.

Passenger Turnover

Passenger turnover was at the planned level in June—46.4 billion passenger-kilometers. In comparison with June of last year this index increased by 1.5 percent. The passenger shipping volume plan for the first half year was 100.9 percent completed (197.3 billion passenger-kilometers). In comparison with the same period of last year the volume increased by 1.3 percent.

As a result of implemented measures the number of roads that are not fulfilling the passenger turnover plan decreased. However, the Baltic, Lvov, Moldavian, Northern Caucasian, Azerbaijan, Transcaucasian, Southeastern, Volga, Central Asian and Baikal-Amur Mainline railroads were unable to make up the shortcoming in this indicator in the first half year. The income received from passenger shipments in six months exceeded the plan by around 30 million rubles.

Supervision over the use of passenger cars weakened despite their acute shortage. As a result ridership in passenger cars fell on the Moldavian, Lvov, Donets, Transcaucasian, Central Asian and some other railroads.

Passenger services were stressed in a number of major junctions of the network, and primarily Moscow, Gomel and Kiev. At the same time a number of passenger trains formed by the Donets, Dniepr, Volga, Odessa and South-eastern railroads are running short. Cases of unsatisfactory preparation of trains for their runs and of poor quality passenger services at stations and in trains still occur.

On the whole the passenger train traffic schedule was met in the half-year period by 96.7 percent in relation to departures, 93.6 percent in relation to trip time, and 85.3 percent in relation to arrivals. This was below the level of last year.

Rail Car Turnover

Fulfillment of this basic indicator of the effectiveness with which the rail car fleet is used worsened. Rail car turnover decreased by 2.1 percent, or by 3.36 hours. This includes 1.44 hours for loaded cars and 1.92 hours for empty cars. The main reasons for poorer use of rail cars are associated with their down time at service stations due to longer train processing time and inadequacies in organizing train throughput. The time rail cars remained idle for a single freight-handling operation increased on 23 railroads, primarily due to rail cars on enterprise approach lines. Turnover was accelerated only on the Southwestern, Sverdlovsk, Western Kazakhstan, Dniepr, Donets, Volga and Southern Ural railroads.

Average Train Weight

Average train weight was 3,079 tons in the network as a whole during this period. This is 42 tons below last year and 101 tons below the quota. An increase in this indicator was achieved only on the Baikal-Amur, Tselinnaya, Western Kazakhstan and Transcaucasian railroads.

Significant losses in train weight (by 45-54 tons) were caused by growth of the number of empty runs on the Moldavian, Alma-Ata, Gorkiy, Azerbaijan, Transbaikal and Southern Ural railroads, and by reduction of train length (by 65-111 tons) on the Transcaucasian, Northern Caucasian, Southern, Donets, Tselinnaya, Western Siberian, Southeastern, Belorussian, Far Eastern and Kemerovo railroads.

This year the dimensions of dispatched freight trains decreased by 1.3 percent as compared to last year's level, which reflects in particular a decline in the work of some industrial sectors. Train travel on 17 railroads was above the network average. The best results were on the Moscow, Eastern Siberian, Alma-Ata, Tselinnaya, Belorussian, Dniepr, Moldavian and Krasnoyarsk railroads. On these railroads, 85-91 percent of the trains

traveled on time. Train travel was below the network average on certain mainlines.

Urban Rapid Transit

The passenger shipment plan of urban rapid transit was fulfilled by 103.8 percent in the first half year. The railroads carried 107.8 million passengers in excess of the plan. All rapid transit systems fulfilled the shipment volume quota. This indicator was increased by 489 million passengers in comparison with the corresponding period of last year. The income plan was exceeded by 7,820,000 rubles. The total profit from principal activities in excess of the plan was 15,320,000 rubles.

Industrial Rail Transport Enterprises

Industrial rail transport enterprises fulfilled the plan for the first half year by 100.9 percent in relation to shipment volume and by 100.3 percent in relation to the volume of freight-handling operations. The shipment plan was surpassed by 3.3 million tons, and the processing plan was exceeded by 0.7 million tons. In comparison with the previous year, the shipment volume increased by 0.4 percent, or by 1.6 million tons. The income and labor productivity plans were met. The profit plan was exceeded in the half-year period by around 27 million rubles. Shipping cost decreased.

At the same time the Novosibirsk, Moscow, Tyumen, Volgograd and Leningrad production associations are not meeting the rail car down time standards. The Vladimir, Volgograd, Kaliningrad, Perm and Sverdlovsk associations did not meet the half-year shipping plan, while the Vladimir, Volgograd, Groznyy, Kaliningrad, Perm and Sverdlovsk associations did not meet the freight-handling plan.

Breakdown of long-term business contacts, difficulties in providing resources and other negative phenomena in the country's national economy had an unfavorable effect on the work results of industrial rail transport enterprises. There remains a tendency for production volume to decrease and for contract discipline in product deliveries to worsen. In January-June fulfillment of contracted obligations decreased to 97.5 percent as compared to 98.7 in the previous year and 99.3 in 1988.

One out of every three, or a total of 87 industrial enterprises in the sector, were unable to meet their obligations. Their product deliveries fell short by 33 million rubles, or by twice more than in the same period of 1989. Production volume decreased by 0.9 percent in comparison with last year. Looking at the basic assortment, production of car retarders, some types of frogs and containers decreased.

At TsTVR [Rolling Stock Repair and Spare Parts Production Main Administration] plants, which are the basis of the sector's industry, the number of personnel (laborers primarily) decreased by more than 5,000.

Thirty-one TsTVR plants, or one out of every two, were unable to meet their delivery obligations. The shortfall in product deliveries was 19.3 million rubles, or three times more than in the same period of last year. The Chita and Ulan-Ude locomotive repair sheds, the Voronezh and Stry rail car repair plants, the Moscow Krasny Put Machinery Plant, the Lyublin Machinery Casting Plant and the Smelyansk Electromechanical Plant fell short in their deliveries.

The railroad's industrial enterprises fell short in product deliveries by 11.9 billion rubles. This is 6.4 percent of the production volume based on signed contracts. Only enterprises of the Belorussian, Lvov, Odessa, Dniepr, Northern Caucasian and Western Kazakhstan railroads met their obligations.

Contracted deliveries by plants of the Main Administration of Urban Rapid Transit Systems completed only 83 percent of their contracted deliveries. Failure of the rail car repair plan was the cause. The product delivery shortfall was 1.6 million rubles, or twice more than in the first half of 1989.

Release of all types of rolling stock from overhaul decreased by 2-6 percent in comparison with last year's level, even though the demand for rail transportation is not being satisfied; in particular, the demand for electric locomotives is not being met by a third. Only the diesel locomotive repair plan was met.

While the number of freight cars with an operating life of over 12 years increased by 5 percent in just the last year, their overhaul decreased by 2.2 percent in comparison with last year's level. The plants in Ordzhonikidze, Stry and Darnitskiy are working erratically. The plan for the first half year was not met: by the Orenburg, Velikiye Luki and Ufa plants in relation to repair of diesel locomotives; by the Yaroslavl, Chelyabinsk, Rostov, Moscow and Ulan-Ude plants in relation to repair of electric locomotives; by the Moscow plant in relation to repair of power supply sections; by the Alma-Ata, Volgograd, Zhmerinka, Ordzhonikidze and Ulan-Ude plants in relation to repair of passenger cars.

Collectives of industrial enterprises of the Soyuzzhel-doravtomatizatsiya Scientific-Production Association produced commodities worth 80.4 million rubles in the first half year, as compared to the planned 80.8 million rubles. The Gomel ETZ [probably electro-technical plant] and the Kiev Transsignal Plant failed to meet the plan for total volume. Both in the scientific-production association as a whole and in the Leningrad, Gatchina, Gomel and Kiev plants the commodity production volume plan was not met.

Industrial Deliveries

A total of 1,273,000,000 rubles of state centralized capital investments and assets from enterprise funds were spent on acquisition of new rolling stock and containers. This is 154 million rubles or 11 percent less than in the first half of 1989. Assimilation of assets

decreased by 8 percent to a level of 42 percent. Deliveries to rail transportation decreased in the first half year in comparison with the same period of last year: by 2,027 units in relation to freight cars, by 67 units in relation to passenger cars, by 39 sections in relation to mainline diesel locomotives, and by 30 units in relation to switching locomotives. Deliveries of electric locomotives corresponded to last year's level, being 21 percent below the plan.

Nonfood consumer goods were produced at a value of 94.9 million rubles, including 16 percent of goods in excess of the plan, which corresponds to the rate foreseen by the state order. At the same time seven railroads fell short of the plan. Among them, the Far Eastern, Southern Ural and Azerbaijan railroads fell the farthest behind.

Since the beginning of the year the population was rendered paid services worth 2,118,000,000 rubles, which is 41 million or 2 percent more than the quota. The plan for income from transportation's principal activity—passenger and baggage shipment, passenger services en route and provision of paid extra services—was surpassed. Paid services are being provided best on the Transcaucasian, Moldavian, Far Eastern and Lvov railroads.

This year the work rate in capital construction is below last year's level, including in regard to construction of social facilities. The sector utilized a total of 2,795,000,000 rubles, or 41 percent of the annual allocation of state centralized capital investments and assets from enterprise funds. Housing construction was 13 million rubles less than in the same period of last year, even though the annual construction program increased by 36 million rubles. Fewer assets were invested into municipal construction, public education facilities and rapid transit construction than last year.

Construction and installation work totaled 1,092,000,000 rubles, which is 20 percent less than in January-June of last year. Use of assets was below the network average for last year in the Moscow, Odessa, Southern, Azerbaijan, Kuybyshev, Sverdlovsk, Western Siberian, Kemerovo, Krasnoyarsk and Baikal-Amur railroads.

While the half-year plan was completed in the network as a whole, construction organizations of the Ministry of Transport Construction failed to provide for the opening of 21,000 square meters of housing space for eight railroads. In this case the planned quotas for the Krasnoyarsk, Transbaikal and Moscow railroads were fulfilled by 21, 50 and 54 percent respectively. The construction subdivisions of a number of railroads (railroad construction trusts) also fell short, with the most significant shortfall being on the Kemerovo, Western Siberian, Alma-Ata and Dniepr railroads.

Since the beginning of the year the number of operational workers increased in all of the principal units of rail transportation except the shipping service. It

increased by the greatest proportions in the track service—by 20,000 persons, and in the locomotive service—by 7,000 persons. The number of operational personnel increased on 29 railroads. It was below last year's level on the Baltic, Moscow and Northern railroads.

Labor Productivity

Labor productivity of workers involved in shipping increased by 0.9 percent above the plan in the first half year. However, it decreased by 4.6 percent in comparison with the similar period of last year both due to growth of the number of personnel and because of a decrease in shipping volume. In January-May only 16 railroads were able to fulfill the established quota for this indicator. Labor productivity was significantly below last year's level on the Northern Caucasian, Transcaucasian and Azerbaijan railroads.

Monthly Wages

The average monthly wages of workers involved in shipping increased since the beginning of the year by 26.8 rubles, or by 9.2 percent, to a total of 316.1 rubles. Wages increased on all railroads, and in the greatest proportions on the Kemerovo, Baltic, Volga, Moscow and Lvov railroads. A high rate of growth of wages was primarily the product of introducing brigade forms of wages and increasing bonuses and extra pay for night and evening work. However, the rate of growth of wages on all of the network's railroads, except the Baikal-Amur Railroad, is significantly above the rate of growth of labor productivity.

Shipping Cost

Shipping cost was 2.3 percent above the planned target. Profits in excess of the plan totaled 225 million rubles.

The first half of the year has passed. Analyzing the results of the sector's work, we need to extract lessons from the mistakes and defeats, and mobilize all forces to fulfill the five-year plan.

KGB Report on 20 July Railcar Explosion

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[Interview, published under the rubric "Sensational News Events," with Lt Cols Oleg Chepyakov and Yuri Strashchenko, USSR KGB Transportation Directorate, by A. Fedorov: "The Explosion in Car 3: USSR KGB Officials Report on the Results of Investigation of a Tragedy Which Claimed Five Lives"]

[Text] "At 0005 hours on 20 July, at kilometer 1,227, along a stretch of rail line between Matveyev Kurgan and Zakadychnoye in Rostov Oblast, an explosion occurred in Reserved Car 3 of Passenger Express Train No 36, running from Tskhaltubo to Moscow. Five persons were killed and 12 injured. Those killed included a child (a boy

between the age of 10 and 12), a woman, and three adult males." (From USSR KGB Directorate for Rostov Oblast investigation team report).

An explosion of enormous force shook two cars of a train speeding through the night and practically threw them from the tracks. I saw gruesome photographs taken at the site of the tragedy: the mangled bodies of the victims, twisted masses of metal, and the roofs and vestibules of the two cars, which were practically sheared clean off. Even a concrete post standing by the roadbed and the creosoted ties had been peppered with jagged fragments. A coal dust explosion or explosive combustion of a dozen jerry cans full of gasoline could not cause so much destruction: it was as if somebody had thrown a cluster of antitank grenades into the car vestibule.

The senseless savagery (passengers were sleeping peacefully in the car's compartments) and the obviously human-agency origin of the blast (such an explosion is possible only using a special device) suggested to the USSR KGB personnel who had immediately flown to the site of the tragedy that this was an act of sabotage or even a terrorist act.

What has been established to date? Lt Cols Oleg Chepyakov and Yuri Strashchenko, of the USSR KGB Transportation Directorate, discuss the incident.

[Chepyakov/Strashchenko] A workup of all possible scenarios suggests that this was neither a terrorist act nor a deliberate act of sabotage. This crime is not of a political or nationalist nature and, the investigation concludes, was carried out by a single individual and purely for criminal purposes.

The force of the shock impact which shook cars 3 and 4 and which demolished a vestibule, toilet, and several compartments, was equivalent to the detonation of 10 kilograms of TNT. All this was reminiscent of recent events in the Transcaucasus. Such crimes fall within the jurisdiction of state security investigative authorities. A team of KGB expert criminal investigators flew immediately to Rostov Oblast, and an operation headquarters was set up at the oblast KGB directorate. Operations officers, investigators, and experts from nine oblast directorates and republic committees [KGB] as well as from national KGB headquarters were assigned to the investigation.

[Fedorov] You said that the tragedy is the work of a single criminal. Have you identified him?

[Chepyakov/Strashchenko] Our people, working together with people from the public prosecutor's office, interviewed hundreds of witnesses—passengers and the train crew. We can now reconstruct the approximate chain of events. Everything began with the boarding in Rostov-na-Donu of a passenger accompanied by a boy between 10 and 12 years of age. According to witnesses, they were carrying a very heavy bag. The adult male behaved strangely from the very outset: in spite of the fact that there were plenty of unoccupied seats in the

train, for some reason he left the child in Car 3, while he himself proceeded to Car 2. Some time later he was seen by passengers: he was walking from car to car in a highly-inebriated state and saying that there would soon be an explosion. When several members of the train crew proceeded to go after him, they discovered nothing suspicious. And after the explosion both that drunk passenger and his boy disappeared....

"Asker Ali-ogly Askerov, born 1956, resident of the city of Naberezhnyye Chelny. He may be going under different names; known in criminal circles by the nickname 'Aska.' Height 1.65 meters; dark, wavy hair; drags his foot slightly when walking. Has been placed under observation at psychiatric medical facilities; shows inclination toward self-mutilation. Claimed scars on chest and back from participation in war in Afghanistan. Makes acquaintance easily and enters into intimate relationships with women. He has married twice in the last year alone. Uses various narcotic drugs and alcohol; aggressive when intoxicated. Known in professional gambling circles." (From a wanted circular)

[Fedorov] A con man, a swindler, a drunk, and... a bomb?

[Chepyakov/Strashchenko] Askerov, to whom all the facts and material evidence points, at first glance indeed did not fit the "terrorist profile." But the investigation has also established the following. About a year ago this individual, having neither trade nor definite employment, proceeded to plunge into cooperative endeavor. He takes out thousands in bank loans, signs contracts, demands cash from his clients, and then... disappears. Askerov has unlawfully appropriated more than 400,000 rubles, and even staged a fake mugging with himself the victim, in order to put off making payment. Enormous debts to other cooperatives and hired workers apparently forced him to take flight....

"A considerable amount of work has been done to establish Askerov's contacts and precisely to establish that he was aboard the train when it left Rostov-na-Donu: KGB investigators have questioned the train crew and passengers along the train's entire route, and the car attendants aboard Train 37, Minsk-Adler, which transported the victims from the disaster site, were also interviewed. The Georgian SSR KGB examined in detail the circumstances of readying Train 36 for the trip. The USSR KGB has alerted state security authorities with jurisdiction in the areas in which Askerov may have appeared or has appeared in the past." (From an investigation report)

Askerov's most recent con was a promise to a certain G. to obtain for him a Volga automobile. Accepting a large sum of money from this person, Askerov departed for Naberezhnyye Chelny. Somewhere along the way Askerov picked up a homeless waif from 10 to 12 years of age and made a personal servant out of him. The last place they stayed was a hotel in Bataysk, Rostov Oblast. It was there that Askerov put together the explosive

device. This has been confirmed by physical evidence, expert examination, and interviewing of witnesses.

The investigation has not yet been completed, and therefore the motives which prompted Askerov in committing this crime are not yet beyond the stage of the most plausible. Maybe he wanted to fake his death and get free of his debts; maybe he was planning to threaten his creditors with the explosive device. In any case the bomb went off right in his hands, when Askerov was in a highly inebriated state. The results of fingerprint analysis, biological and other expert examination give reason to believe that the remains at the disaster site which were not identified that first day are all that remained of Askerov. Witnesses identified the body of his young companion, whose name has not been established.

[Fedorov] The investigation is approaching the final stages. What conclusions can be reached to date?

[Chepyakov/Strashchenko] What happened was the result of someone's criminal negligence. Askerov fashioned an explosive device, utilizing, and I stress this, commercially-manufactured fuze assemblies and firing mechanisms. And as we know, these are not sold in stores. This means that somebody "got hold of them" somewhere.

[Fedorov] They say that there are places in this country where you can obtain a military pistol for a bottle of vodka....

[Chepyakov/Strashchenko] That's not even the half of it! Thousands of assault rifles, machineguns, flamethrowers, and even howitzers and rocket-propelled grenade launchers are "wandering" about the country. It is for good reason that the President of the USSR issued that well-known edict.

[Fedorov] Incidentally, our readers don't know that much about your "company." And a lack of information, as we know, engenders rumors. For example, what does the USSR KGB Transportation Directorate do?

[Chepyakov/Strashchenko] The activities of our directorate have been discussed on several occasions in the mass media. It is a counterintelligence subdivision of the USSR KGB.

Our job is to ensure state security of transportation and communications facilities. One of our jobs is the prevention of acts of sabotage and terrorism. It is precisely for this reason that we take part in investigating all accidents where there are indications of intentional actions which have resulted in serious consequences.

We take direct part in investigating such incidents from the very outset. I should state that no instances of sabotage have been discovered to date involving rail transport facilities. Although at Kamenskaya it happened the other way around. There a government commission reported that the crash was caused by an unknown perpetrator shutting a terminal valve. But a major job of investigation was performed, and it was

established that certain railroad workers were guilty of negligence and irresponsibility.

Today particular attention is being focused on the Transcaucasus, where highly audacious crimes have taken place: blowing up roadbed, planting explosive devices, and armed attacks on rolling stock. We are working.... In each such instance there is a substantive operational

effort to establish the specific persons involved and the motives for the criminal act.

KGB staff officers serve in our directorate: operations officers, investigators, and counterintelligence officers, many of whom have received higher education in two areas: engineering and intelligence.

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